

六福集團

LUKFOOK GROUP

【 For Immediate Release 】

**Lukfook Group (00590.HK) Announces
Interim Results for the Six Months Ended 30 September 2014
Revenue and Profit Attributable to Equity Holders amounted to
HK\$7.5 Billion and HK\$805 Million Respectively
Declared Interim Dividend of HK\$0.55 per Share**

Financial Highlights

- Revenue and profit attributable to equity holders reached HK\$7.5 billion and HK\$805 million respectively, second highest in interim record, only after last year's record high with "gold rush"
- Overall gross margin improved with successful strategies on increasing mix of gem-set jewellery products
- Strategic move to expand business mix in Mainland China to lower reliance on the Hong Kong and Macau market

HK\$	For the six months ended 30 September		
	2014	2013	Y-o-Y Change
	HK\$'000	HK\$'000	
Revenue	7,542,358	10,066,153	-25.1%
Gross Profit	1,798,941	2,022,951	-11.1%
Profit Attributable to Equity Holders	804,637	965,040	-16.6%
Basic Earnings per Share	HK\$1.37	HK\$1.64	-16.5%
Interim Dividend per Share	HK\$0.55	HK\$0.63	-12.7%

(Hong Kong, 26 November 2014) — The Board of Directors (the "Board") of **Luk Fook Holdings (International) Limited** (the "Company") (Stock Code: 00590.HK) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2014 (the "Period under review"). During the Period under review, the revenue of the Group amounted to HK\$7,542,358,000 (2013: HK\$10,066,153,000), representing a decrease of 25.1% as compared with the corresponding period of last year. This was the second highest in interim record, only after last year's record high with "gold rush". Total gross profit decreased by 11.1% to HK\$1,798,941,000 (2013: HK\$2,022,951,000). Operating profit decreased by 14.9% to HK\$978,260,000 (2013: HK\$1,150,173,000). Profits attributable to equity shareholders decreased by 16.6% to HK\$804,637,000 (2013: HK\$965,040,000), which was also the second highest in interim record and better than expected. Basic earnings per share amounted to HK\$1.37 (2013: HK\$1.64).

香港九龍佐敦廟街239號六福珠寶中心

Luk Fook Jewellery Centre, No. 239 Temple Street, Jordan, Kowloon, Hong Kong

Tel : (852) 2308 1218 Fax : (852) 2374 1696 Website : lukfook.com E-mail : group@lukfook.com

六福集團

LUKFOOK GROUP

The Board declared an interim dividend of HK\$0.55 (2013: HK\$0.63 per share) per ordinary share for the six months ended 30 September 2014. Payout ratio is 40.3% (2013: 38.5%).

Mr. Wong Wai Sheung, Chairman and Chief Executive of Lukfook Group said, “During the Period under review, revenue and profit attributable to equity holders reached the second highest in interim record, only after last year’s record high with “gold rush”. Under the high base effect last year, overall gross margin improved with successful strategies on increasing mix of gem-set jewellery products. We have also successfully expanded business from Mainland China, which is a strategic move to lower reliance on Hong Kong & Macau market.”

During the Period under review, the retail business continued to be the primary source of revenue for the Group. Revenue from retail business decreased by 31.7% to HK\$5,899,664,000 (2013: HK\$8,639,697,000) year-on-year, representing 78.2% (2013: 85.8%) of the total revenue of the Group. In order to boost the sales of gem-set jewellery products, the Group enhanced the shop display of the gem-set jewellery products in Mainland China, so as to entice customers’ desire for consumption. With 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. The wholesale business therefore increased by 23.4% to HK\$1,361,887,000 (2013: HK\$1,103,467,000) as compared with the corresponding period of last year, accounting for 18.1% (2013: 11.0%) of the total revenue of the Group. Licensing income accounted for the remaining 3.7% (2013: 3.2%), representing a decrease of 13.1% to HK\$280,807,000 (2013: HK\$322,989,000) as the business of gold products returned to a relatively normal level. Gold products remained the most favourite item among customers and together with platinum products contributed approximately 58.7% (2013: 71.8%) of the Group’s total sales with a decrease in sales of 39.1% (2013: +95.7%). Gem-set jewellery products accounted for approximately 41.3% (2013: 28.2%) of the Group’s total sales with 9.1% (2013: +29.0%) sales growth.

The overall same store sales growth* (“SSSG”) of the Group was -41.0% (2013: +64.4%), within expectation given the high base effect due to “gold rush” last year. SSSG for the Hong Kong and Macau market and the Mainland China market were -40.7% (2013: +60.7%) and -44.1% (2013: +91.6%) respectively. SSSG for gold and platinum products was -50.1% (2013: +91.3%) and that for gem-set jewellery products was -12.9% (2013: +16.7%).

* 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.

The Hong Kong market continued to be the major source of revenue for the Group, contributing approximately 59.5% (2013: 64.1%) of the Group’s total revenue. Given the high base effect, it decreased by 30.5% to HK\$4,488,665,000 (2013: HK\$6,456,317,000). Also, revenue generated from the Macau market decreased by 22.5% to HK\$1,098,274,000 (2013: HK\$1,417,173,000), representing 14.6% (2013: 14.1%) of the Group’s total revenue. Revenue from the Mainland China market reached HK\$1,886,471,000 (2013: HK\$2,112,604,000), representing a slight decrease of 10.7% over last year only given the high base effect. This accounted for 25.0% of

香港九龍佐敦廟街239號六福珠寶中心

Luk Fook Jewellery Centre, No. 239 Temple Street, Jordan, Kowloon, Hong Kong

Tel : (852) 2308 1218 Fax : (852) 2374 1696 Website : lukfook.com E-mail : group@lukfook.com

六福集團

LUKFOOK GROUP

the Group's total revenue which was better than last year's 21.0%.

During the Period under review, the Group opened a net total of 64 shops in Mainland China (among which 65 new licensed shops were opened and 1 self-operated shop was closed), and 1 shop in Hong Kong. As at 30 September 2014, the Group has a total of 1,333 shops globally in Mainland China, Hong Kong, Macau, Singapore, the United States, Canada and Australia.

Mr. Wong Wai Sheung, Chairman and Chief Executive of the Group said, "The Group holds a cautiously optimistic view on the overall business for the second half of this financial year and in the mid- to long-term. International gold price dropped recently, touching a four-year low in early October and November. Coupled with the "double spring" and a "leap month" in Chinese calendar this year, a good season for wedding will benefit the sales of gold products and in turn likely trigger another round of small scale "gold rush". The Group will proactively utilise cross-selling techniques to enhance the sales of gem-set jewellery products. With the "Occupy Central" movement going on in Hong Kong and the lowered spending power of customers, both the SSSG and the year-on-year retail sales of the Hong Kong market experienced a single digit drop in October 2014. Nevertheless, with the continuously low gold price, November 2014's sales was picking up with its growth momentum. Looking forward, the Group will take a pragmatic and prudent approach in the course of developing our business, and will also take an active role to seize business opportunities in face of the challenges in the market, thereby uplifting its competitive advantage and strengthening its leading position in the international jewellery retail market."

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 1,350 shops in Mainland China, Hong Kong, Macau, Singapore, 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.

Media Enquiries:

Lukfook Group Corporate Communications Department

Tel: (852) 2783 2479

Fax: (852) 3009 7509

Email: corporate@lukfook.com

JOVIAN Financial Communications Ltd Angel Yeung

Tel: (852) 2581 0168

Fax: (852) 2854 2013

Email: lukfook@joviancomm.com

香港九龍佐敦廟街239號六福珠寶中心

Luk Fook Jewellery Centre, No. 239 Temple Street, Jordan, Kowloon, Hong Kong

Tel : (852) 2308 1218 Fax : (852) 2374 1696 Website : lukfook.com E-mail : group@lukfook.com