

六福集團

LUKFOOK GROUP

【 For Immediate Release 】

**Lukfook Group (00590.HK) Announces
Interim Results for the Six Months Ended 30 September 2016
Revenue and Profit Attributable to Equity Holders amounted to HK\$ 5.5 Billion
and HK\$ 429 Million Respectively
Declared interim and special dividends of HK\$0.29 and HK\$0.26 per Share**

Financial Highlights

- Revenue reached HK\$5.5 billion, representing a decrease of 21.5% as compared with the same period last year
- Overall same store sales growth * (“SSSG”) was -31.5%
- Overall gross margin improved by 5.3 p.p. to 28.0% as a result of relatively high gold price and higher gem-set jewellery sales mix. Gross profit therefore decreased by only 3.0% to HK\$1.5 billion
- Operating profit decreased by 6.0% to HK\$558 million
- Segmental profit of Mainland China accounted for more than one half of the total, amounting to 54.6%, representing an increase of 12.8 p.p.
- Profit attributable to equity holders amounted to HK\$429 million, a decrease of 7.4%
- Proposed interim and special dividends of HK\$0.29 and HK\$0.26 per Share
- Net additions of 27 Lukfook shops world-wide, of those 24 new stores were opened in Mainland China, there are more than 1,455 Lukfook Jewellery shops globally

	For the six months ended 30 September		
	2016	2015	Y-o-Y Change
	HK\$'000	HK\$'000	
Revenue	5,469,124	6,964,909	-21.5%
Gross Profit	1,531,696	1,579,085	-3.0%
Profit Attributable to Equity Holders	429,030	463,428	-7.4%
Basic Earnings per Share	HK\$0.73	HK\$0.79	-7.6%
Dividend per Share			
- Interim	HK\$0.29	HK\$0.315	-7.9%
- Special	HK\$0.26	HK\$0.235	+10.6%
Total	HK\$0.55	HK\$0.55	-

(Hong Kong, 24 November 2016) — 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

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

to as the “Group”) for the six months ended 30 September 2016 (the “Period under review”). During the Period under review, the revenue of the Group recorded a revenue drop of 21.5% to HK\$5,469,124,000 (2015: HK\$6,964,909,000). Because of the continuing weak retail sentiment, together with the relatively high gold price and a relatively high base due to the small scale gold rush in certain months last year, gold sales fell more than expected. However, the Group’s overall gross margin significantly improved by 5.3 p.p. to 28.0% (2015: 22.7%), attributable to the increased sales mix of gem-set jewellery products driven by a slowdown in demand for gold products and the improved gross margin of gold products as a result of the gold price rise. Gross profit therefore decreased by 3.0% only to HK\$1,531,696,000 (2015: HK\$1,579,085,000). The decrease in sales caused the decline in the variable costs, leading to a slight drop of total operating expenses by 0.6%. However, with a faster decrease in revenue, its ratio to revenue increased to 18.5% (2015: 14.6%). The operating profit decreased by 6.0% to HK\$558,372,000 (2015: HK\$593,749,000) and the operating margin improved to 10.2% (2015: 8.5%). At a net margin of 7.9% (2015: 6.7%), the profit attributable to equity holders decreased by 7.4% to HK\$429,030,000 (2015: HK\$463,428,000). Basic earnings per share were HK\$0.73 (2015: HK\$0.79).

The Board has resolved to declare an interim dividend of HK\$0.29 (2015: HK\$0.315 per share) per ordinary share and a special dividend of HK\$0.26 per ordinary share (2015: HK\$0.235 per share), totaling HK\$0.55 per ordinary share (2015: HK\$0.55 per share) for the six months ended 30 September 2016. Payout ratio is 75.3% (2015: 69.9%).

Mr. Wong Wai Sheung, Chairman and Chief Executive of Lukfook Group said, “During the Period under review, the slowdown in economic growth in Mainland China, the changes to the Individual Visit Scheme and the growing popularity of other tourist destinations as a result of currency devaluation, 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 retail business continued to be the primary revenue source for the Group with its revenue declined year-on-year by 27.0% to HK\$4,028,721,000 (2015: HK\$5,522,316,000), accounting for 73.7% (2015: 79.3%) of the Group’s total revenue. With a much improved gross margin, segmental profit in the retail business dropped by 6.7% only to HK\$338,921,000 (2015: HK\$363,235,000), representing 55.8% (2015: 53.9%) of the total. Its segmental profit margin was 8.4% (2015: 6.6%). Benefited from the increase in scrap gold sales in Hong Kong, the wholesale business revenue increased by 3.9% over the same period last year to HK\$1,217,957,000 (2015: HK\$1,171,992,000), accounting for 22.2% (2015: 16.8%) of the Group’s total revenue. Its segmental profit increased by 6.5% to HK\$144,831,000 (2015: HK\$135,983,000), representing

六福集團

LUKFOOK GROUP

23.8% (2015: 0.2%) of the total, while its segmental profit margin was 11.9% (2015: 11.6%). Licensing income decreased by 17.8% to HK\$222,446,000 (2015: HK\$270,601,000), accounting for 4.1% (2015: 3.9%) of the Group's total revenue. Its segmental profit dropped by 29.1% to HK\$123,872,000 (2015: HK\$174,802,000), representing 20.4% (2015: 25.9%) of the total, while its segmental profit margin was 55.7% (2015: 64.6%).

During the Period under review, the overall same store sales growth * (“SSSG”) of the Group was -31.5% (2015: -11.6%). SSSG for the Hong Kong and Macau market and the Mainland China market were -32.3% (2015: -12.6%) and -23.7% (2015: +1.2%) respectively. SSSG for gold and platinum products was -39.1% (2015: -5.6%) and that for gem-set jewellery products was -16.2% (2015: -22.0%).

The Hong Kong market remained to be the key source of revenue for the Group, which the revenue generated decreased by 28.6% to HK\$3,003,443,000 (2015: HK\$4,204,765,000), contributing approximately 54.9% (2015: 60.4%) of the Group's total revenue. The Group's revenue generated from the Macau market decreased by 27.7% to HK\$665,528,000 (2015: HK\$920,098,000). Revenue from the Mainland China market decreased by 2.7% to HK\$1,722,787,000 (2015: HK\$1,770,610,000), accounting for 31.5% (2015: 25.4%) of the Group's total revenue.

During the Period under review, the Group added a net total of 27 Lukfook shops worldwide, including a net addition of 24 shops (among them were 9 licensed shops and 15 self-operated shops) in Mainland China, 1 self-operated shop in both Macau casino district and New York, the United States, and 1 licensed shop in Seoul, Korea. As at 30 September 2016, the Group had a global network of 1,455 Lukfook shops (2015: 1,412 shops), spanning over Mainland China, Hong Kong, Macau, Singapore, Korea, the United States, Canada and Australia, and operated 9 3D-GOLD shops (2015: 4 shops) in Mainland China.

Mr. Wong Wai Sheung, Chairman and Chief Executive of the Group said, “Despite the ongoing uncertainties over the global economy, the Group continues to be optimistic about the prospects for the mid-to-long-term business and will endeavour to uphold the Group's business development via product offering enrichment, China focus network expansion and market oriented strategies in the coming few years, and through offering more fashionable yet affordable products to cater for the trend of trading down consumption and to target at the mass market covering kids and middle-class customers, as well as to seize the valuable business

* 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.

六福集團

LUKFOOK GROUP

opportunities of the wedding market. In addition to broadening the sources of income in different ways, the Group will strive to enhance productivity and reduce expenditure in different operational aspects, in order to enhance efficiency and reduce costs in the hope of minimizing the impact of the economic downturn on the Group's performance.

Looking ahead, the Group will maintain its pragmatic and prudent strategies, proactive response to challenges, thereby strengthening our leading position in the 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 over 1,460 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.

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