



【For Immediate Release】

**Lukfook Group (00590.HK) Announces
Interim Results for the Six Months Ended 30 September 2019
Revenue and Profit Attributable to Equity Holders Amounted to HK\$6.3 billion
and HK\$496 Million Respectively
Declared Interim Dividend of HK\$0.50 per share**

Financial Highlights

- Revenue reached HK\$6.3 billion, representing a decrease of 19.8% as compared with the same period last year
- SSSG* for the Hong Kong SAR# and Macau SAR## market and the Mainland China### market were -24.9% and -15.7% respectively
- Gross profit increased by 1.2% to HK\$1.9 billion
- Operating profit decreased by 21.2% to HK\$660 million
- Profit attributable to equity holders amounted to HK\$496 million, a decrease of 25.4%
- Basic earnings per share were HK\$0.85, decreased by 24.8%
- Proposed interim dividend of HK\$0.50 per share, representing 59.1% dividend payout ratio
- Net addition of 129 Lukfook shops during the period with a total of 1,957 Lukfook shops globally at period end

	For the six months ended 30 September		
	2019	2018	Y-o-Y
	HK\$'000	HK\$'000	Changes
Revenue	6,305,284	7,859,454	-19.8%
Gross Profit	1,886,243	1,863,633	+1.2%
Profit Attributable to Equity Holders	496,303	665,423	-25.4%
Basic Earnings per Share	HK\$0.85	HK\$1.13	-24.8%
Interim Dividend per Share	HK\$0.50	HK\$0.55	-9.1%

(28 November 2019) —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 2019 (the “Period under review”). During the Period under review, the revenue of the Group amounted to HK\$6,305,284,000 (2018: HK\$7,859,454,000), representing a decrease of 19.8%. Nevertheless, the overall gross margin increased by 6.2 p.p. to 29.9% (2018: 23.7%), attributable to the substantially increased gold price and the rise in sales mix of gem-set jewellery products. Gross profit therefore rose by 1.2% to HK\$1,886,243,000 (2018: HK\$1,863,633,000). On the other hand, the total operating expenses decreased by 8.2%; its ratio to revenue thus increased to 17.2% (2018: 15.1%). In addition, with the decline in diamond sales leading to the reduction

六福集團

LUKFOOK GROUP

in diamond purchases, which resulted to significant decrease of value-added tax refund in relation to diamond import in Mainland of approximately HK\$121.8 million, the turnaround of a gold hedging profit of HK\$62.5 million same period last year to a loss of HK\$96.6 million this year contributed by the high gold price, together with an impairment provision of HK\$57.1 million as a result of HKRH**'s failure to redeem the convertible bond issued to the Group on the maturity date, operating profit therefore decreased by 21.2% to HK\$660,471,000 (2018: HK\$837,982,000). Operating margin was 10.5% (2018: 10.7%), while net margin was 7.9% (2018: 8.5%). Profit attributable to equity holders, as a result, dropped by 25.4% to HK\$496,303,000 (2018: HK\$665,423,000) and basic earnings per share also decreased by 24.8% to HK\$0.85 (2018: HK\$1.13).

The Board has resolved to declare an interim dividend of HK\$0.50 per ordinary share (2018: HK\$0.55 per share) for the Period under review. Payout ratio is 59.1% (2018: 48.5%).

Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group said, “During the Period under review, the same store sales in the Hong Kong and Macau market of the Group declined significantly as a result of the high base effect, strong gold price, and the continuing impact of social incidents in Hong Kong and US-China trade war, while the same store sales in the Mainland market also dropped because of the high gold price and the impact of the US-China trade war. Therefore, the downside risk of the Group’s business will continue into the second half of the financial year. The Group thus expects a double-digit drop in terms of annual revenue and profit in this financial year.”

The retail business was the Group’s primary source of revenue. Its revenue decreased by 25.3% year-on-year to HK\$4,487,359,000 (2018: HK\$6,007,690,000), accounting for 71.2% (2018: 76.4%) of the Group’s total revenue. Due to the high gross margin led by the significant increase in gold price, its segment profit therefore only decreased by 10.0% to HK\$356,816,000 (2018: HK\$396,399,000), accounting for 42.8% (2018: 46.6%) of the total, and its segment profit margin was 8.0% (2018: 6.6%). Despite the increase in the number of licensed shops, with the drop in the wholesaling of diamond products in Mainland, though impact of which had been partially offset by the satisfactory sales of fixed-price gold products, the Group’s wholesale business revenue fell by 6.4% over the corresponding period last year to HK\$1,376,414,000 (2018: HK\$1,470,645,000), accounting for 21.8% (2018: 18.7%) of the Group’s total revenue. Its segment profit thus decreased by 8.6% to HK\$164,986,000 (2018: HK\$180,505,000), accounting for 19.7% (2018: 21.2%) of the total. Its segment profit margin was 12.0% (2018: 12.3%). Licensing income, which accounted for 7.0% (2018: 4.9%) of the Group’s total revenue, increased by 15.8% to HK\$441,511,000 (2018: HK\$381,119,000) due to an increase in the number of licensed shops. Its segment profit margin was 70.8% (2018: 71.7%), while its segment profit increased by 14.4% to HK\$312,594,000 (2018: HK\$273,281,000), accounting for 37.5% (2018: 32.2%) of the total.

During the Period under review, the overall SSSG of the Group was -23.8% (2018: +17.7%). SSSG for the Hong Kong and Macau market and that for the Mainland market were -24.9% (2018: +21.4%) and -15.7% (2018: +0.7%) respectively. SSSG for gold and platinum products was -32.3% (2018: +22.3%) and that for gem-set jewellery products was -10.5% (2018: +11.3%).

During the Period under review, the Group added a net total of 129 new Lukfook shops worldwide, including a net addition of 2 self-operated shops in Hong Kong, 1 self-operated shop in Macau, and 126 shops in Mainland (including a net addition of 131 licensed shops and a net reduction of 5 self-operated shops). As at 30 September 2019, the Group had a global network of 1,970 shops (2018: 1,730 shops), including 1,957 Lukfook shops (2018: 1,725 shops), with business spanning across Hong Kong, Macau, Mainland, Singapore, Malaysia, Cambodia, the Philippines, the United States, Canada and Australia, and operated 6 “Goldstyle” shops (including 5 licensed shops and 1 self-operated shop) (2018: 0 shop) and 3 “Dear Q” (2018: 0 shop) and 4 “3D-GOLD” self-operated shops (2018: 5 shops) in Mainland.



Mr. Wong Wai Sheung, Chairman and Chief Executive Officer of the Group concluded, “The Group will reduce the number of shops in areas which are considerably impacted by the social incidents in Hong Kong, and search for opportunities for opening new shops in Macau market and expects to have 3 net shop additions in Hong Kong and Macau market. The Group will also actively seek expansion opportunities in overseas and Mainland market, targeting to achieve a net addition of 3 shops in overseas market and a net addition of not less than 200 shops in Mainland market for the full year. As Mainland remains to be a market with promising growth potential in the mid- to long-term, the Group will continue to focus on business expansion in Mainland and strive to promote multi-brand strategy. Apart from further shop expansion in Mainland, the Group is also committed to further developing its e-commerce business and strengthening cooperation with e-commerce platforms in Mainland, aiming to grow e-commerce revenue by 20%. In light of the enormous spending potential of young consumers on online sales platforms, the Group will step up its efforts to promote the sales of affordable luxury jewellery products to expand its footprint in the young consumer market. The Group remains optimistic about the mid- to long-term business prospects, and looks forward to bringing its business to a new height in the near future.”

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

Macau SAR: Hereafter refers to as “Macau”

Mainland China: Hereafter refers to as “Mainland”

* 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.

** “HKRH” represents Hong Kong Resources Holdings Company Limited (Stock Code: 2882) which conducts jewellery retail and franchise businesses under the brand name of “3D-GOLD” in Hong Kong, Macau and Mainland.

~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 over 2,010 Lukfook Jewellery shops worldwide. 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 www.lukfook.com.

Media Enquiries:

Lukfook Group Corporate Communications Department

Tel: (852) 2783 2441 Fax: (852) 3009 7509 Email: corporate@lukfook.com

JOVIAN Communications Angel Yeung

Tel: (852) 2581 0168 Fax: (852) 2854 2012 Email: lukfook@joviancomm.com