

# 六福集團

## LUKFOOK GROUP

【 For Immediate Release 】

**Lukfook Group (00590.HK) Announces  
Interim Results for the Six Months Ended 30 September 2017  
Revenue and Profit Attributable to Equity Holders amounted to HK\$ \$6.3 Billion  
and HK\$ 520 Million Respectively  
Declared interim and special dividends of HK\$0.35 and HK\$0.20 per share**

### Financial Highlights

- Revenue reached HK\$6.3 billion, representing an increase of 14.9% as compared with the same period last year
- SSSG\* for the Hong Kong and Macau market and the Mainland China market both recorded double-digit growth at +10.5% and +16.7% respectively
- Gross profit increased by 7.5% to HK\$1.6 billion
- Operating profit increased by 15.6% to HK\$645 million
- Profit attributable to equity holders amounted to HK\$520 million, an increase of 21.3%
- Basic earnings per share were HK\$0.89, increased by 21.9%
- Proposed interim and special dividends of HK\$0.35 and HK\$0.20 per share, a total of 62.1% dividend payout ratio
- Net additions of 46 Lukfook shops during the period with a total of 1,542 Lukfook shops globally at period end

	For the six months ended 30 September		
	2017	2016	Y-o-Y Change
	HK\$'000	HK\$'000	
Revenue	6,283,454	5,469,124	+14.9%
Gross Profit	1,647,260	1,531,696	+7.5%
Profit Attributable to Equity Holders	520,364	429,030	+21.3%
Basic Earnings per Share	HK\$0.89	HK\$0.73	+21.9%
Dividend per Share			
- Interim	HK\$0.35	HK\$0.29	+20.7%
- Special	HK\$0.20	HK\$0.26	-23.1%
Total	HK\$0.55	HK\$0.55	-

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(Hong Kong, 29 November 2017) — 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 2017 (the “Period under review”). The Group recorded revenue increase of 14.9% to HK\$6,283,454,000 (2016: HK\$5,469,124,000) for the Period under review, attributable to a relatively low base, successful new product strategy and the gradually improving retail sentiment. Due to the relatively stable gold price during the Period under review, the Group’s overall gross margin dropped to 26.2% (2016: 28.0%), while gross profit rose by 7.5% to HK\$1,647,260,000 (2016: HK\$1,531,696,000). The increase in sales resulted in higher variable costs, leading to an increase of total operating expenses by 5.8%. However, with a faster increase in revenue, its ratio to revenue decreased to 17.1% (2016: 18.5%). Together with much reduced gold hedging loss under more stable gold price, operating profit therefore improved by 15.6% to HK\$645,359,000 (2016: HK\$558,372,000). Operating margin was 10.3% (2016: 10.2%) and net margin was 8.3% (2016: 7.9%). Profit attributable to equity holders increased by 21.3% to HK\$520,364,000 (2016: HK\$429,030,000), and basic earnings per share were HK\$0.89 (2016: HK\$0.73), increased by 21.9%.

The Board has resolved to declare an interim dividend of HK\$0.35 (2016: HK\$0.29 per share) per ordinary share and a special dividend of HK\$0.20 per ordinary share (2016: HK\$0.26 per share), totalling HK\$0.55 per ordinary share (2016: HK\$0.55 per share) for the Period under review. Payout ratio is 62.1% (2016: 75.3%).

**Mr. Wong Wai Sheung, Chairman and Chief Executive of Lukfook Group** said, “During the Period under review, under the improved overall economic environment and increased visitor arrivals in Hong Kong and Macau, the Group remains optimistic about the mid- to long-term business prospects. In the coming few years, the Group will focus on product offering enrichment, network coverage enlargement in Mainland China and market oriented strategies to penetrate into the mass market, covering middle-class as well as kids. ”

The retail business was the Group’s primary source of revenue with its revenue increased by 17.1% year-on-year to HK\$4,719,610,000 (2016: HK\$4,028,721,000), accounting for 75.1% (2016: 73.7%) of the Group’s total revenue. As gross margin of gold products returned to a more normal level, its gross profit dropped despite its sales increase, segmental profit of the retail business therefore decreased by 1.9% to HK\$332,435,000 (2016: HK\$338,921,000), accounting for 46.9% (2016: 55.8%) of the total; and its segmental profit margin was 7.0% (2016: 8.4%). The wholesale business revenue rose by 6.1% over the same period last year to HK\$1,291,918,000 (2016:

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HK\$1,217,957,000) due to an increase in the number of licensed shops, accounting for 20.6% (2016: 22.2%) of the Group's total revenue. Its segmental profit increased substantially by 39.0% to HK\$201,299,000 (2016: HK\$144,831,000) because of increase in centralised purchases, accounting for 28.4% (2016: 23.8%) of the total profit, and segmental profit margin was 15.6% (2016: 11.9%). Licensing income also increased by 22.2% to HK\$271,926,000 (2016: HK\$222,446,000) as a result of an increase in the number of licensed shops, accounting for 4.3% (2016: 4.1%) of the Group's total revenue. Its segmental profit increased by 41.7% to HK\$175,480,000 (2016: HK\$123,872,000), accounting for 24.7% (2016: 20.4%) of the total. Segmental profit margin improved to 64.5% (2016: 55.7%) due to high fixed cost content in its cost structure.

During the Period under review, the overall same store sales growth \* ("SSSG") of the Group was +11.2% (2016: -31.5%), regaining a growth track after three consecutive years of decline. SSSG for the Hong Kong and Macau market and the Mainland China market both recorded double-digit growth at +10.5% (2016: -32.3%) and +16.7% (2016: -23.7%) respectively. SSSG for gold and platinum products was +10.3% (2016: -39.1%) and that for gem-set jewellery products was +12.6% (2016: -16.2%).

During the Period under review, the Group added a net total of 46 Lukfook shops worldwide, including a net reduction of 2 self-operated shops in Hong Kong, a net addition of 47 shops (of which 29 were licensed shops and 18 were self-operated shops) in Mainland China, and 1 self-operated shop in San Francisco, the United States. The Group had a global network of 1,542 Lukfook shops (2016: 1,455 shops), spanning over Hong Kong, Macau, Mainland China, Singapore, Korea, Malaysia, the United States, Canada and Australia, and operated 10 3D-GOLD shops (2016: 9 shops) in Mainland China.

**Mr. Wong Wai Sheung, Chairman and Chief Executive** of the Group said, "Looking ahead, the Group is optimistic about its business prospect. Driven by the unique geographic and tax advantages of Hong Kong and Macau, the Group's cumulative brand awareness and extensive retail network, the management's diversified sales strategies and cost-effectiveness enhancement measures, the strict quality control, the increasing per capita income in Mainland China, as well as the solid customer demand for jewellery products, the outlook for jewellery industry remains positive, which will be conducive to the sustainable development of the Group."

\* 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.

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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 over 1,570 shops in Hong Kong, Macau, Mainland China, Singapore, Korea, Malaysia, 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](http://lukfook.com).**

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