



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

RESULTS

The Board of Directors (the 'Board') of Luk Fook Holdings (International) Limited (the 'Company') is pleased to announce the consolidated results of the Company and its subsidiaries (the 'Group') for the year ended 31st March 2001 together with comparative figures for the previous year as follows:

	<i>Notes</i>	2001 <i>HK\$;000</i>	2000 <i>HK\$;000</i>
Turnover	<i>1</i>	1,605,764	1,711,841
Cost of sales		(1,284,116)	(1,382,643)
Gross profit		321,648	329,198
Other revenues		7,219	3,895
Selling and distribution costs		(223,005)	(214,348)
Administrative expenses		(21,605)	(17,439)
Other operating expenses		(1,682)	(2,477)
Operating Profit	<i>2</i>	82,575	98,829
Finance costs		(54)	(29)
Profit before taxation		82,521	98,800
Taxation	<i>3</i>	(12,168)	(17,840)
Profit after taxation		70,353	80,960
Minority interests		952	(589)
Profit attributable to shareholders		71,305	80,371
Earnings per share	<i>4</i>		
Basic		HK15.5 cents	HK17.6 cents
Diluted		HK15.3 cents	N/A
Interim Dividend paid per share		HK2.5 cents	HK2.5 cents
Final Dividend proposed per share		HK5.0 cents	HK5.0 cents
		HK7.5 cents	HK7.5 cents

Luk Fook Holdings (International) Limited

Notes:

1. Turnover

Turnover comprises the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items.

An analysis of the Group's turnover and contribution to operating profit for the year by principal activity is as follows:

	Turnover		Operating profit	
	2001	2000	2001	2000
	<i>HK\$;000</i>	<i>HK\$;000</i>	<i>HK\$;000</i>	<i>HK\$;000</i>
Retailing	1,539,883	1,649,810	77,410	90,242
Wholesaling	65,881	62,031	5,165	8,587
	1,605,764	1,711,841	82,575	98,829

All of the Group's sales were made within Hong Kong during the two years ended 31st March 2000 and 2001.

2. **Operating profit is stated after charging depreciation of fixed assets of HK\$12,972,000 (2000:HK\$12,527,000).**

3. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year.

The amount of taxation represents:

	2001	2000
	<i>HK\$;000</i>	<i>HK\$;000</i>
Hong Kong profits tax	14,594	17,840
Over provision in prior years	(2,033)	-
Deferred taxation	(393)	-
	12,168	17,840

4. Earnings per share

Luk Fook Holdings (International) Limited

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$71,305,000 (2000: HK\$80,371,000) and the weighted average number of 460,367,382 (2000: 456,000,796) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$71,305,000 and the weighted average number of 467,193,758 ordinary shares in issue during the year after adjusting for the effects of all potential dilutive ordinary shares deemed to be issued at no consideration if all outstanding share options granted under the share option scheme of the Company had been exercised. The Company had no potential dilutive ordinary shares that were outstanding during the year ended 31st March 2000 and hence, no diluted earnings per Share is shown for previous year.

5. Comparatives

Certain comparative figures have been reclassified to conform with the current year's presentation. The changes included the reclassification of expenses previously classified as administrative and other operating expenses to selling and distribution costs. The new classification of the accounting items was considered to provide a more appropriate presentation of the Group's operating result.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK5 cents (2000: HK5 cents) per share for the financial year ended 31st March 2001. The final dividend, if approved, will be payable on 30th August 2001 to shareholders whose names appear on the Register of Members of the Company on 23rd August 2001.

BUSINESS REVIEW

Hong Kong's economy has gradually revived from the Asian Financial Crisis but the prolonged high unemployment rate and generally weak retail market hampered domestic consumer confidence and inevitably affected the retail sector in Hong Kong. Retail sales are expected to improve with a steady growing demand from domestic consumers and the influx of tourists, especially from the PRC.

Gold and Jewellery Operation

1) Expansion and Relocation of Outlets

Luk Fook Holdings (International) Limited

In July 2000, the Group relocated the outlet in Wan Chai to Rex House, Mongkok and an outlet at Telford Plaza, Kowloon Bay was opened in August 2000. At present, the Group has increased the number of retail outlets to 19.

2) *New Product Design*

During the year, Luk Fook was awarded 16 prizes comprising the Gold Virtuosi Finalist in the ; World Gold Council International Jewellery Design Awards 2000; 1 gold prize, 1 silver prize, 2 bronze prizes and 1 award of merit at the reputable design competition ; The Buyers; Favorite Diamond Jewelry Design Competition 2000; 2 creative idea awards at the ; Grand Competition of 2000 Hong Kong & Taiwan Jade Jewellery Design; 1 Best Show and 4 entry awards at the 1st and 2nd ; Hong Kong Jewellery Design Competition; and 1 gold award, 1 silver award and 1 bronze award at ; The Third International South Sea Pearl Jewellery Design Competition; .

In response to the weak consumer market, the Group has introduced new product lines on festive products during the year to stimulate sales, including:

- * A new series of ICE collection to keep up with the market trend
- * 「卡通生肖電鑄擺設系列」、 「開運千萬兩電鑄擺設」 for the Chinese New Year
- * 「如珠如寶鑽飾系列」、 「「指」因有你鑽戒系列」 for the Valentine;s Day
- * 「心意」翡翠鑽石吊墜、 「不倒翁家庭」、 「親子像」 for the Mother;s Day
- * ; 2000 Hallmark Wedding; 「2000 結婚鑽戒」 to meet the demands of wedding couples who captured the opportunity to get married in the millennium year.

3) *Promotional Activities*

During the year, the Group;s major promotional events were as follows:

- * Organized a large-scale road show, the 「六福珠寶錫錫媽咪珠寶首飾展銷會」 at City Plaza , Taikoo Shing.
- * Sponsored a diamond crown and some jewellery pieces for the beauty contest - Miss Hong Kong Pageant.

Luk Fook Holdings (International) Limited

- * Participated in a joint promotion with Compass Visa to offer discounts to their cardholders with the purchase of 「夏日飾彩鑽飾系列」.
- * Co-organized with Star East Holdings Limited a Charity Night 《群星擁抱慈善夜》 and sponsored some diamonds in the event for donation to the ;Caring for Children Foundation Limited;.

4) *Development in the PRC*

- * Technical support and consultancy services
 - The Group is currently providing technical support and consultancy services to around 50 jewellery retailers in the PRC operated under the trade name of ;Luk Fook Jewellery;.
- * PRC subcontractor and new office
 - The number of workers of the subcontractor in Panyu, Guangdong Province, increased to about 600, further consolidating the production capacity in the PRC.
 - An office was set up in Shenzhen 萬豪彭年廣場 to strengthen its presence in the PRC.
- * Enhancement of corporate profile
 - To enhance the corporate profile in the PRC, the Group has launched a series of television commercials on various television channels in the PRC.
 - The Group has set up an eye-catching neon-light billboard (45m x 9m) on the outer wall of 國商大廈東座 in Shenzhen.
 - The Group also sponsored the Wenzhou Healthy Image Ambassador (溫州健康形象大使);in the PRC
 - In April and May 2000, a road show was conducted at Xin Dong An Plaza in Beijing where a fashion show and a large-scale jewellery show called 《京城麗人珠寶首飾大 演》 was organised to enhance publicity and the Group;s brand awareness in the PRC.

Luk Fook Holdings (International) Limited

Securities Operation

The Group's securities arm has been co-operating closely with its business partner OSK Asia Securities Limited (OSK). During the year, OSK provided technical support and Luk Fook shared the trading platform with OSK to optimize resources. Moreover, the Group has appointed an experienced financial expert as managing director of the securities operation and a series of activities have been launched to market the securities operation as follows:

- * Opened a head office at Mongkok in August 2000
- * A seminar on investment strategies 《2001 投資策略研討會》 was held jointly with OSK which received overwhelming responses.

Portal Operation (www.jewellworld.com)

The website aims to serve as a business-to-business trading platform among manufacturers and retailers in Hong Kong and the PRC. It also acts as an additional promotional channel for Luk fook Group. A traditional Chinese (繁體字) version of the website was launched in December 2000.

OUTLOOK

Further Develop the PRC Market

The Group believes that the ban on foreign investors to engage in gold business in the PRC will be uplifted after the PRC's accession to the World Trade Organization (WTO). This will provide enormous opportunities for gold retailers like the Group to capture the vast demand from customers in the PRC. On the other hand, the Group will continue to expand its technical support network to increase and reinforce its brand awareness. Also, the co-operation with jewellery retailers in the PRC opens the door for the Group in building up connections, thus paving way for future business development.

Design for New Product Lines

The Group has planned to capture a larger market segment by introducing new product lines of innovative design. The Group would develop sapphire, gemstones and diamonds of new design to cater for the trendy, younger generation while these products will be offered at a competitive

Luk Fook Holdings (International) Limited

price. In addition, a series of Men's belt buckle will also be introduced for the men's market segment.

Relocation of Shops

The Group will flexibly relocate its shops in order to increase its bargaining power with landlords and lower the fixed costs. In the coming year, the Group will relocate its shop in Yuen Long. The Group will also continue to search for other suitable locations with high pedestrian flow and at a reasonable rental cost.

Exploring into the Export Market

Hong Kong is among the leading exporters of precious jewellery in the world. The Group is therefore progressively exploring into the business opportunities that will be brought to the Group from developing its export business. The Group believes that the establishment of a solid and extensive distribution network is the success factor to explore into the overseas markets.

The import tariffs on most finished precious jewellery is expected to be lowered upon the PRC's WTO accession. Effective from 1st January 2001, the import tariffs of most precious jewellery to PRC have already been reduced from 40% to 36%. This is in fact a favorable environment for the Group to enter into the PRC market as an exporter as well as a retailer.

As for the European market, more young European consumers are showing interest in jewellery. This shows that there will be new opportunities for selling low-to-medium priced products.

Enlarge Local Market Share

The Group has planned to proactively reaching out more districts where road shows have not been held before to capture market attention and to increase the Group's exposure in these unexplored districts. It is also the Group's strategy to explore new market sectors locally, including the youth and the men's markets.

CLOSURE OF REGISTER OF MEMBERS

The Register of members of the Company will be closed from 20th August 2001 to 23rd August 2001 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Central Registration Hong Kong

Luk Fook Holdings (International) Limited

Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m on 17th August 2001.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules.

AUDIT COMMITTEE

Pursuant to the Listing Rules, an audit committee, comprising all independent non-executive directors, was established on 1st April 1999.

By reference to 'A Guide for The Formation of An Audit Committee' published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company on the same date. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

By Order of the Board
Wong Wai Sheung
Chairman

Hong Kong, 23rd July 2001

All information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published in the Stock Exchange's website as soon as possible.

The full text of the Company's announcement of annual results can be accessed through the Internet at: <http://www.irasia.com/listco/hk/lukfook>

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 21/F., Sino Centre, 582-592 Nathan Road, Kowloon on 23rd August 2001 (Thursday) at 11:00 a.m for the following purposes:

1. To receive and consider the Audited Consolidated Accounts and the Reports of the Directors and Auditors for the year ended 31st March 2001.
2. To declare the final dividend for the year ended 31st March 2001.
3. To re-elect the retiring directors, to fix the remuneration of Directors and to authorise the Board to appoint additional directors.
4. To re-appoint Auditors and to authorise the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

; THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as defined in paragraph (d) below) or pursuant to an issue of shares under any option scheme or similar arrangement for the time being

Luk Fook Holdings (International) Limited

adopted for the grant or issue to executives and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or any script dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors in paragraph (a) above shall be limited accordingly; and

(d) for the purposes of this Resolution:

;Relevant Period; means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; and

;Rights Issue; means an offer of shares open for a period fixed by the Directors of the Company to the shareholders on the register of shareholders of the Company on a fixed record date in proportion to their shareholdings as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).;

6. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as an ordinary resolution:

; THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong

Luk Fook Holdings (International) Limited

Limited (the "Stock Exchange") or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and it is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of share capital repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution and the said approval to the Directors of the Company in paragraph (a) above shall be limited accordingly; and
- (c) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.

7. As special business, to consider and, if thought fit, to pass with or without modifications the following resolution:

; THAT conditional upon Resolutions Nos 5 and 6 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors of the Company as mentioned in Resolution No 6 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution No 5 above, provided that the amount of share capital repurchased by the Company shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.

Luk Fook Holdings (International) Limited

8. To transact any other business

By Order of the Board

Law Tim Fuk, Paul

Company Secretary

Hong Kong, 23rd July 2001

Please also refer to the published version of this announcement in the i Mail dated 24 /7/2001.