



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(六福集團(國際)有限公司)

(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 2002 together with comparative figures for the previous year as follows:

	<i>Notes</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Turnover	2	1,478,806	1,605,764
Cost of sales		1,162,660	(1,284,116)
Gross profit		316,146	321,648
Other revenues		12,489	7,219
Selling and distribution costs		(222,158)	(223,005)
Administrative expenses		(22,613)	(21,605)
Other operating expenses		(5,312)	(1,682)
Operating profit	3	78,552	82,575
Finance costs		(24)	(54)
Profit before taxation		78,528	82,521
Taxation	4	(13,901)	(12,168)
Profit after taxation		64,627	70,353
Minority interests		(402)	952
Profit attributable to shareholders		64,225	71,305
Earnings per share	5		
Basic		HK13.8 cents	HK15.5 cents
Diluted		HK13.5 cents	HK15.3 cents
Interim Dividend paid per share		HK2.5 cents	HK2.5 cents

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Final Dividend proposed per share	HK5.0 cents	HK5.0 cents
	HK7.5 cents	HK7.5 cents

Notes:

1. Accounting policies

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants which are effective, unless otherwise stated, for accounting periods commencing on or after 1st January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for accounting periods commencing on or after 1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these new standards is set out in the annual report.

2. Turnover and segment information

The Group is principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items in Hong Kong. The Group also provides technical support and consultancy services to certain licensees, and quality control of jewellery products.

An analysis of the Group's turnover and contribution to operating profit/(loss) for the year by business segment is as follows:

	Turnover		Operating profit/(loss)	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Retailing	1,383,940	1,539,883	91,133	93,506
Wholeselling	363,602	351,933	12,196	12,915
Others	23	-	(4,848)	(4,011)
Inter-segment eliminations	(268,759)	(286,052)	(436)	585
	1,478,806	1,605,764	98,045	102,995

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Unallocated interest income	2,044	2,680
Unallocated costs	(21,537)	(23,100)
Operating profit	78,552	82,575

No geographical analysis is presented as over 90% of the Group's revenue, results and assets are derived from activities in Hong Kong during the two years ended 31st March 2001 and 2002.

3. Operating profit is stated after charging depreciation of fixed assets of HK\$15,409,000 (2001:HK\$12,972,000).

4. Taxation

The amount of taxation represents:

	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	14,603	14,594
Over provision in prior years	(702)	(2,033)
Deferred taxation	-	(393)

13,901 12,168

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the year.

5. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$64,225,000 (2001: HK\$71,305,000) and the weighted average number of 466,661,716 (2001: 460,367,382) 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 64,225,000 (2001: HK\$71,305,000) and the weighted average number of 475,495,555 (2001: 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.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK5 cents (2001: HK5 cents) per share for the financial year ended 31st March 2002. The final dividend, if approved, will be payable on 30th August 2002 to shareholders whose names appear on the Register of Members of the Company on 27th August 2002.

BUSINESS REVIEW

The deteriorating economic conditions of Hong Kong and the fluctuating gold price after the September 11th terrorist attack of the United States had affected the sales performance of the Group. Nonetheless, since the visa system that restricts the daily number of visitors from the People's Republic of China ("PRC") was relaxed in January 2002, the number of visitors increased substantially and had brought about positive impacts to the Group's business.

Gold and Jewellery Operation

1) Ice g. Collection

To cater for the growing younger generation market, the Group has launched a new brand-Ice.g during the year. New retail shops for Ice g. Collection were opened in the main shopping areas in Hong Kong, the largest one was opened at the Olympian City of West Kowloon with an area of about 690 sq. feet.

2) New Product Design

During the year, Luk Fook was awarded 11 prizes including:

- * the Best Creative Award, the Best Craftsmanship Award, the Fine Design Award and the Finalist Award in "The 3rd Grand Competition of Taiwan & Hong Kong Jadeite Jewellery Design";
- * 2 Gold Awards, 2 Silver Awards and 1 Bronze Award in "The 2nd Tahitian Pearl Trophy Design Competition";
- * 1 Silver Award and 1 Award of Merit at the reputable design competition "The 4th Buyers' Favourite Jewellery Design Competition".

In response to the weak market sentiment, the Group has introduced new product lines during the year to stimulate sales, including:

- * Spring and Summer series of Ice g.: South Sea Pearl Diamond pendant, Y-styled ring and pendant that are exclusively designed by Ice g., Golden Ornament in attractive horse figures for Chinese New Year.
- * Golden Ornament of attractive horse figures for Chinese New Year.
- * "Love on Fire" Collection: this is an innovative design of the Group as the diamond mounting could be rotated 360 degrees. Moreover, the application of "Super Ideal Cut" technique that shows a pattern comprising eight arrows and eight hearts through the top of the diamond.
- * "HIRU - Padparadscha" collection: "HIRU", which means "the sun" in Sri Lanka, is the latest collection of the Group that is made of the most precious stone "Padparadscha". "Padparadscha" is a Sri Lankan stone of orange red, which resembles the brilliant sun, and projects an attractive brightness. To complement the 30th of the Miss Hong Kong Pageant, the Group has specially designed several attractive styles of "HIRU" jewellery for the 1st and 2nd runner-up of the Miss Hong Kong Pageant in celebration of its anniversary.

3) *Promotional Activities*

During the year, the Group:

- * Sponsored local & international and beauty contests. The Group has been the major sponsor of the Miss Hong Kong Pageant and Miss Chinese Pageant of overseas cities for consecutive years.
- * Sponsored the charity auction that was organized by the TVB Pearl channel 「Be My Valentine」 programme to contribute the donation to The Hong Kong Cancer Fund for Children.
- * Organized a promotional activity 「六福 10 週年擦出卡裝美鑽旅遊樂獎上獎」 in September 2001 to reward the support of the customers.
- * Organized large-scale road shows to extend the coverage of customers.

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- * Participated in a joint promotion campaign named 「六福珠寶 – 愛火美轉優惠」with Sing Pao Newspaper Company Limited to offer readers discount on the "Love on Fire" Collection and on the craftsmanship fee.

4) *Development in the PRC*

To capture the vast market potential following the PRC's accession to the World Trade Organization, the Group provides and achieves:

- * Provides technical support and consultancy services
 - The Group is currently providing technical support and consultancy services to more than 70 PRC jewellery retailers operated under the trade name of "Luk Fook Jewellery".
- * Enhance the corporate profile
 - The Group has launched a television commercial on various television channels in the PRC.
 - The Group set up an eye-catching neon-light billboard (45mx9m) on the outer wall of 國商大廈東座 in Shenzhen.

Securities Operation

Currently, Luk Fook Securities Limited has two outlets. In the year under review, the Group has been working closely with OSK Asia Securities Limited. Periodical seminar and reports are distributed to customers.

Portal Operation (www.jewellworld.com)

The Group has established and registered a professional jewellery portal called www.jewellworld.com (or www.jw28.com) which is committed to providing a gateway for the global jewellery industry. The portal serves the purpose of providing a business-to-business trading platform among jewellery manufacturers, wholesalers and retailers around the world, as well as an additional promotion channel for the Group.

OUTLOOK

Capturing of the boosting local tourism market

The Group foresees that the Hong Kong SAR Government would implement measures to boost its tourism industry, especially to attract more mainland tourists to Hong Kong. The Group believes that the influx of mainland tourists and the continued opening of the PRC will have a positive impacts to the Group's business. According to the Government statistics, mainland tourists spent almost 50% of their travel expenses in shopping, and most often on purchasing gold and jewellery products. Meanwhile, the Group is participating in the "Mega Hong Kong Sale" activity from mid-June to August 2002 organized by the Hong Kong Tourism Board to attract tourists and spending.

Further Development of the PRC Market

Immediately following the open up of the jewellery market in the PRC, Luk Fook will open outlets at the major cities of the PRC and will establish licensee shops in the more distant cities. The Group believes that the Hong Kong jewelers have competitive advantages over other foreign jewelers who would also like to enter the PRC market, in terms of reputation, services and product quality, etc.

Expansion of Outlets

To further strengthen the new Ice g. brand, the Group will open around 5 retail outlets by the end of 2002, making a total investment of approximately HK\$15 million.

Explore into the Overseas Market

Amid the global economic downturn, the Group has postponed its plan to explore into the overseas market.

Employees

As at 31st March 2002, the number of staff of the Group in Hong Kong was approximately 602 (2001: 616). Remuneration policies are reviewed and approved by management on a regular basis. Remuneration packages are structured to take into account the comparable level of the market. Bonus and other merit payments are linked to success of the Group and performance of individual employee. The policy is to encourage employees to optimize business performance by providing them financial incentives.

Liquidity and Financial Resources

The Group's core business is gold and jewellery retailing. As at 31st March 2002, the Group's cash on hand reached approximately HK\$135 million (2001: HK\$94 million). The Group's gearing ratio at the year-end, being the proportion of total debts of approximately HK\$92 million (2001: HK\$89 million) against total shareholders' equity of approximately HK\$510 million (2001: HK\$479 million), was 18.0% (2001: 18.6%). The Group's income and expenditure streams are mainly denominated in Hong Kong dollars.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2002 (2001: nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of members of the Company will be closed from 22nd August 2002 to 27th August 2002 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, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00p.m. on 21st August 2002.

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

In compliance with paragraph 14 of the Code of Best Practice, the Board has established an audit committee comprising all independent non-executive directors, to monitor the accounting and financial reporting practices and internal control systems of the Company.

On 20th July 2001, an audit committee meeting was held to consider matters including the 2000/2001 annual report of the Company, internal controls and the implications of the new accounting standards to the Group's financial reporting in 2001/2002.

On 12th December 2001, an audit committee meeting was held to update on internal control matters and to review financial reporting with the directors in respect of the unaudited interim

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condensed consolidated accounts for the six months ended 30th September 2001. On 22nd July 2002 an audit committee meeting was held to consider the 2001/2002 annual report of the Company.

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.

APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to all the staff for their dedication and contribution during the year. I would also like to offer my sincerest gratitude to all our customers, business associates and shareholders for their support and advice. With your continuous cooperation and support, the Group will make every endeavor to strive for the best in the coming year.

By Order of the Board
Wong Wai Sheung
Chairman

Hong Kong, 23rd July 2002

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 19/F., Sino Centre, 582-592 Nathan Road, Kowloon on 27th August 2002 (Tuesday) at 11:00 a.m for the following purposes:

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1. To receive and consider the Audited Consolidated Accounts and the Reports of the Directors and Auditors for the year ended 31st March 2002.
2. To declare the final dividend for the year ended 31st March 2002.
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 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:

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24 July 2002

"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 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

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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."

8. To transact any other business

By Order of the Board
Law Tim Fuk, Paul
Company Secretary

Hong Kong, 23rd July 2002

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Please also refer to the published version of this announcement in The Standard dated 24 July 2002.