



WONG Wai Sheung, the Chairman
集團主席 黃偉常

I am pleased to present the annual report of Luk Fook Holdings (International) Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the year ended 31st March 2004.

FINANCIAL PERFORMANCE

Results

For the year ended 31st March 2004, turnover was HK\$1,598,123,000, representing a 9.3% increase compared with HK\$1,461,763,000 in the previous year. Profit attributable to shareholders amounted to about HK\$76,965,000 (2003: HK\$47,357,000), representing an increase of 62.5%. Earnings per share was HK16.1 cents (2003: HK10.0 cents).

Dividends

The Directors proposed a final dividend of HK5 cents per share (2003: HK4 cents per share) for the year ended 31st March 2004. Together with the interim dividend of HK2 cents per share already paid, a total of HK7 cents per share were declared for the year ended 31st March 2004 (2003: HK6 cents per share).

本人僅代表六福集團(國際)有限公司(「本公司」)及其附屬公司(統稱為「本集團」)欣然提呈截至2004年3月31日止年度之年報。

財政表現

業績

截至2004年3月31日止年度，營業額為1,598,123,000港元，較去年1,461,763,000港元上升9.3%。股東應佔溢利為76,965,000港元(2003年：47,357,000港元)，上升62.5%。每股盈利為16.1港仙(2003年：10.0港仙)。

股息

董事會擬就截至2004年3月31日止年度派發末期股息每股5港仙(2003年：每股4港仙)，連同已派發的每股2港仙中期股息，截至2004年3月31日止之年度所派發的股息共為每股7港仙(2003年：每股6港仙)。



"Chuk Kam Jewellery Design Competition 2004"
K-gold Group: Winner – "Dragon & Phoenix"
「足金首飾設計比賽2004」
K金組獎：套裝 — 「龍、鳳」

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"Chuk Kam Jewellery Design Competition 2004"
Buyers' Choice Group: Winner – "Pearl of Dragon"
「足金首飾設計比賽2004」
最受歡迎組獎：套裝 — 「龍珠」

OPERATION REVIEW

Gold and Jewellery Operation

The Group started its globalization strategies since 2003 by aggressively identifying suitable retail outlets internationally. At present, the Group has 28 retail outlets under the brand name of Luk Fook and 6 outlets under the brand name of Ice g. in Hong Kong, the PRC, Macau and Canada. During the year under review, the Group opened 2 retail outlets in Jordon and Shatin, Hong Kong. To further penetrate into the PRC market, the Group opened the first retail store in Shenzhen, the PRC. In addition, the Group has been continuously expanding its overseas market by establishing 2 outlets in Vancouver and Toronto, Canada in the year under review.

Articles of jewellery are getting more fashion oriented. In order to move up-market, innovative designs are very important. Similar to the past few years, the Group's designs gained significant recognition and was accredited with awards in various jewellery design competitions for the year under review.

Brand management is the Group's key in its globalization strategy. The Group continues to participate in numerous promotional activities during the year to reinforce its brand awareness in the market.

業務回顧

金飾及珠寶首飾業務

為了配合集團2003年全球化的策略，集團積極地在世界各地設立分店。現時，集團在香港、中國、澳門及加拿大共有28間六福分店及6間針對年輕人市場的Ice g. 系列分店。年內，集團於香港佐敦及沙田共開設了2間新分店。同時，為了進一步佔據國內市場，集團在中國深圳設立國內首家六福分店。此外，集團亦於加拿大溫哥華及多倫多開設2間分店，積極開拓海外市場。

珠寶首飾已越趨時尚，為了迎合市場需要，新穎的珠寶設計對集團相當重要。一如往年，集團年內的各項設計均獲得大力讚賞，並在各項大賽中囊括了多個獎項。

品牌建立是集團全球化策略的重點。集團於年內繼續參與多項宣傳推廣活動，以加強集團在市場上的知名度。

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PRC Market

The continuous growth of the PRC economy boosted the demand for luxury products. It is expected to create enormous business opportunity for jewellery brands. In July 2003, the Group has obtained the sole-proprietorship license, which allows the Group to manufacture, wholesale and retail of gold jewellery. The large-scale jewellery manufacturing plant is situated on a site area of about 350,000 sq.ft. in Panyu, Guangdong and with a total investment of approximately HK\$60,000,000 which is funded by internal resources. It is expected to commence operation in the fourth quarter of 2004, which will triple the existing production capacity. On the one hand, it will further reduce the production cost and enhance the profit margin of the Group. On the other hand, it prepares the Group to explore wholesale business opportunity in the foreseeable future.

In order to further penetrate into the PRC market, the Group is actively searching for appropriate distributors. The establishment of the new manufacturing plant in the PRC will enable the Group to enhance its brand awareness and to develop its distribution and wholesales business in the PRC, which also will contribute an increment for the revenue of the Group's Hong Kong operation.

中國市場

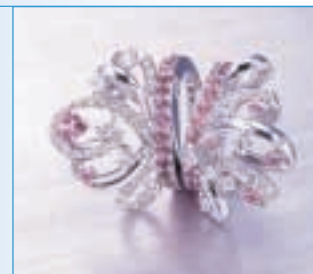
中國經濟持續增長，帶動市場對奢移品的需求穩步上揚，預料將為珠寶零售商帶來龐大的發展機遇。集團於2003年7月取得在內地獨資零售及分銷珠寶金飾的牌照，代表集團可生產、批發和零售黃金珠寶。集團於廣東省番禺設立的大型珠寶首飾加工廠，佔地約350,000平方呎，總投資額約為60,000,000港元(將由內部資源支付)，預期於2004年第四季開始投產，生產規模將會是現有廠房的3倍。新廠房的設立一方面能減低生產成本，增加集團的毛利率；另一方面，為集團於未來發掘批發市場的業務作好最佳準備。

為了全力進軍國內市場，集團繼續於國內物色合適的分銷商，以配合新廠房的建成，提高集團在國內品牌的知名度及拓展內地的分銷批發業務，進而帶動集團在本港的業務。

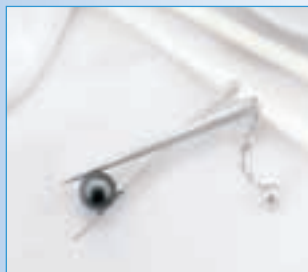


"Tahitian Pearl Trophy 2003"
Earrings Category : 1st runner-up – "Flow"
[2003年國際大溪地珍珠首飾設計比賽]
耳環組：亞軍 — 「Flow」

"The 5th Hong Kong Jewellery Design Competition" 2004 Best of Show Awards:
Earrings Category – "Blissful Jump"
[第5屆香港珠寶設計比賽]2004
大獎：
耳環組 — 「喜躍」

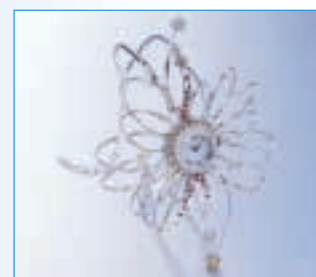


"The 5th Hong Kong Jewellery Design Competition" 2004 Merit Awards:
Ring Category – "Dance"
[第5屆香港珠寶設計比賽]2004優異獎：
戒指組 — 「蝶映」



"Tahitian Pearl Trophy 2003"
Brooch Category : Winner – "Chopsticks"
[2003年國際大溪地珍珠首飾設計比賽]
胸針組：冠軍 — [Chopsticks]

"The 5th Hong Kong Jewellery Design
Competition" 2004 Merit Awards:
Pendant Category – "Dream"
[第5屆香港珠寶設計比賽]2004優異獎：
吊咀 — [奇妙樂園]



"The 5th Hong Kong Jewellery Design
Competition" 2004 Merit Awards:
Watch Category – "Sunflower"
[第5屆香港珠寶設計比賽]2004優異獎：
錶鑲 — [戀日]

During the year, the Group provides technical support, product design and staff training services to over 80 jewelers in the PRC, with an aim to increase the brand awareness and market penetration, thus paving the way for future business development.

Securities Operation

During the year under review, the Group ceased its securities operation, with a target to re-engineer its resources and to focus on the development of its core business of jewellery operation.

Portal Operation

The Group's registered jewellery portal "www.jewellworld.com" or "www.jw28.com", which serves as an electronic gateway for the global jewellery industry, is expected to become 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. The Group believes that the increasing trend of viewing samples and purchasing jewellery electronically will enhance business potential.



DTC "Diamond : Natural's Miracle" International
Design Competition Award
Hong Kong Award Winning Piece : Necklace "Lava"
DTC「鑽石：大自然的奇蹟」國際鑽飾設計大賽
香港優勝作品：頸鏈「熾燃」

回顧年內，本集團為國內超過80家珠寶分銷零售商提供技術支援、款式設計、員工培訓等服務，令品牌滲透國內市場及提高集團在國內的知名度，為中國珠寶市場全面對外開放作好部署。

證券業務

於回顧年內，本集團中止了證券投資，以重整集團資源，使集團業務能專注於珠寶此核心業務。

網站業務

本集團成立及註冊的「珠寶世界」網站(www.jewellworld.com)或(www.jw28.com)預計將成為世界各地的珠寶製造商、批發和零售商提供一個企業對企業的交易平台，亦作為本集團額外的宣傳渠道。本集團相信，網上瀏覽貨辦及訂購珠寶之潮流必將增加業務商機。



PROSPECTS

The Group will continue its globalization strategy.

Hong Kong Market

Looking forward, the Group is optimistic. Macro speaking, the Hong Kong economy is undergoing a strong upturn. In the first quarter of 2004, real GDP grew by 6.8% from a year earlier, continuing on the 3.3% growth in 2003. On account of the prevailing upturn, the official forecast of GDP growth is 6% for 2004.

Also, 2004 is the year for wedding as the Chinese tradition "double spring" is a blessing year for marriage. It will boost up the sale of gold and jewellery for the year.

The implementation of "Individual Visit Scheme" which was effective in July 2004 for the provinces including Fujian, Zhejiang, and Jiangsu will further benefit the local retail market. The Group has launched marketing campaigns targeting this segment.

In line with the increasing consumption of mainland tourists in Hong Kong, the Group was among the first batch of retailers, which accepted RMB Union Pay Card.

前景

集團將繼續實踐「全球化」的發展策略。

香港市場

對於未來發展，集團保持相當樂觀的態度。宏觀而言，香港經濟急速好轉，承接2003年的實質本地生產總值錄得較上年3.3%的增長後，2004年首季經濟持續向好，同類指數更錄得6.8%的升幅。按此增長趨勢，官方預計於2004年的本地生產總值將可達至6%的增長。

其次，2004年是中國農曆的「雙春年」，適宜嫁娶，預料將刺激本集團金飾及珠寶業務。

內地遊客「自由行」的措施將於2004年7月進一步擴展至福建、浙江及江蘇省。屆時，更多旅客到港將大大刺激本地的零售業務。為加強針對「自由行」遊客的零售業務，本集團舉行多項迎合內地遊客的市場宣傳活動。

隨着內地來港遊客消費力增加，本集團率先成為首批接受銀聯人民幣付款卡簽賬消費的零售商。

All of the above-mentioned factors, without mentioning the escalating reputation of the Luk Fook brand in Hong Kong, contribute to the development of the Group in the long run. In May 2004, the Group opened its 28th retail shop in Yuen Long, Hong Kong. Looking ahead, it will continue to seize prime locations to open more retail outlets.

Meanwhile, the Group will further promote the Ice g. collection and endeavor to build a brand recognizable by young consumers through offering trendy, fashionable and high quality jewellery products.

In April 2004, the Group acquired the whole block of 14-storey commercial building (plus a cockloft) situated at No. 749A Nathan Road, Kowloon, Hong Kong for a consideration of HK\$36,000,000. The total saleable area is 10,788 square feet. The Group will rename the property as Luk Fook Jewellery Centre and use the whole property as its head office building to accommodate all its existing office operations.

PRC Market

According to the Hong Kong Trade Development Council, the sales of jewellery recorded an annual growth rate of 15.7% in the PRC market. The jewellery market is expected to reach RMB150 billion in the year 2010. At present, there are approximately 7,000 consumers per gold and jewellery shop internationally. In Hong Kong, approximately 6,500 consumers per gold and jewellery shop but approximately 25,000 consumers per shop in the PRC. The jewellery possession rate is only 55% in first-tier cities, 23% in small to medium cities. Therefore, the growth potential is huge.

結合以上各項經濟環境的有利因素，加上聲譽不斷提升的六福品牌，將有利集團長遠的發展。本年5月，集團於香港元朗開設了旗下的第28間分店。展望未來，集團將繼續爭取有利位置開設更多零售分店。

同時，本集團會繼續大力發展Ice g.系列的業務，務求為年輕消費者提供潮流、時尚及高質量的珠寶首飾，致力在年輕消費者市場建立品牌知名度。

於2004年4月，集團亦斥資36,000,000港元購入位於香港九龍旺角彌敦道749A整幢14層高連閣樓大廈，大廈總實用面積約10,788平方呎，該大廈將改名為六福珠寶中心，作為總辦事處，以支援集團現有辦公室之運作。

中國市場

根據香港貿易發展局的資料顯示，中國珠寶的銷售額年增長率達15.7%，預計於2010年，珠寶市場銷售總值將達至人民幣1,500億元。現時，全球平均每7,000名消費者就有一家金飾及珠寶店。在本港則更高，平均每6,500名消費者就有一家，但在中國，平均每25,000名消費者才有一家金飾及珠寶店。當中大城市擁有珠寶店的比率僅有55%，而中小城市比例僅為23%。因此，市場增長潛力龐大。



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The early penetration and brand name promotion in the PRC through its licensee shops have brought with the Group harvesting return. With the competitive advantages over domestic and foreign jewelers in terms of reputation, services and product quality as well as commencement of operating of the new manufacturing plant in the 4th quarter of 2004, the Group believes that its business will further be enhanced.

Macau Market

Since the simplified traveling procedures and the opening of gambling industry has boosted Macau's tourist industry, Macau will turn to be another famous tourist spot for mainland visitors. In view of this, the Group will continue to develop and promote its business in Macau with the 2 retail outlets there.

Overseas Market

The Group has successfully penetrated into the overseas market. Following the Canada market, the Group plans to open retail outlets in New York, Las Vegas and Southeast Asia in the future, aiming to upgrade Luk Fook to become an international brand.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to express my great appreciation to all staff for their dedication and contribution during the year. I would also like to offer my sincerest gratitude to all our customers, suppliers, 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, July 23, 2004

集團早期透過商標使用商滲透中國市場並積極宣傳其品牌已帶來豐厚的回報。比較其他國內及海外珠寶商，集團的品牌聲譽、產品質素及服務水準都具有相當競爭力。憑藉這些競爭優勢，加上該於番禺的新廠房建設將於2004年第四季開始投產，集團預料其於國內的業務發展將更趨完善。

澳門市場

隨著內地旅客出外旅遊程序簡化及當地賭場業務的開放，大大振興了澳門的旅遊業，澳門亦成為內地遊客主要的遊覽地。有見及此，本集團將繼續積極經營澳門的2家分店，以發展當地珠寶零售業務。

海外市場

本集團已成功進軍外地市場，緊接加拿大市場的擴展，集團考慮將於紐約、拉斯維加斯及東南亞增開分店，逐步令集團提升為國際品牌。

致謝

本人謹藉此機會代表董事會向本集團員工致以萬二分謝意，感激他們對本集團的忠心和貢獻。本人更感激各顧客、供應商、業務友好及股東的支持及意見。為報答各方多年來的通力合作和支持，本集團定必竭盡所能，在未來一年做得更好。

承董事會命

主席兼行政總裁

黃偉常

香港，2004年7月23日