

MANAGEMENT DISCUSSION AND ANALYSIS

管理層研討及分析

INDUSTRY REVIEW

During the year under review, Hong Kong's economic situation remained stagnant as reflected by the continual deflation and high unemployment rate. The outbreak of SARS in mid-March has further hampered the local retail market with a weakened consumer sentiment and a reduction in the number of tourists coming to Hong Kong. Government statistics showed that retail sales of luxury goods such as jewellery dropped by 15.4% in September 2002 and 16.1% in March 2003 as compared with the same period last year. It is believed that the local jewellery retail market will experience a relatively long recovery period.

However, the State Council of the PRC has passed a policy regarding the relaxation of gold trade restrictions, including the tight control over enterprises on the manufacturing, processing and wholesaling of gold products; and the gold products retail approval system has been lifted. It is believed that this will pose a promising effect on the Group's development in the PRC.

REVIEW OF 2002/2003 BUSINESS STRATEGIES

In the past year, the local retail market remained weak. Revenue generated from Mainland tourists could not offset the shrinking domestic consumption. However, with its prudent business strategies and aggressive development plans, the Group managed to minimize the negative impact.

In addition, the Group's inventory level increased by approximately 16% as compared with that of the previous year. This was mainly due to the increase in the number of outlets during the year and the impact of SARS which influenced the retail industry, and in turn resulted in an increase in inventory level.

On the other hand, the Group's gross profit margin experienced a slight decrease over the previous year. The average gross profit margin in the past few years was about 20%, while that of the previous year was higher than before. Therefore, the change of gross profit margin during the year under review was a reasonable adjustment.

行業回顧

回顧年內，本港經濟環境未見改善，通縮持續，失業率高企，加上2003年3月中爆發的非典型肺炎疫情嚴峻，對本港零售業造成即時打擊，導致本地消費意欲薄弱，來港旅遊人士大幅減少，香港零售市場更見疲弱。政府統計數字顯示，奢侈品如珠寶首飾的零售額，於2002年9月較去年同期下跌15.4%，2003年3月更錄得16.1%之跌幅，相信本港珠寶首飾市況需要一段較長的時間才能恢復。

然而，中國國務院已經批准放寬黃金管制的政策，包括對黃金的生產、加工和批發企業的嚴格限制，取消黃金的零售核准制，相信對於本集團發展中國市場會有正面的影響。

2002/2003商業策略回顧

回顧過去一年，本地零售市況疲弱，內地旅客來港消費所帶來的營業額亦不足以抵銷本地消費萎縮所造成的影響。然而，本集團憑著審慎的經營策略和積極的發展方針，把負面的影響減至最低。

此外，本集團於回顧年內之存貨量較去年同期增加了約16%，主要是由於本集團於年內之分店數目上升，而受非典型肺炎的影響，零售市道疲弱，因此亦令存貨量有所增加。

另一方面，本集團於年內之毛利率較去年稍微下調，過去數年集團之平均值約為20%，而去年之毛利率則較以往之為高，因此回顧年內毛利率之改變屬合理的調整。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層研討及分析

GOLD AND JEWELLERY OPERATION

Innovative Designs

The Group's management is insightful and in touch with customer preferences towards jewellery products, while the Group's quality designers are committed to creative designs that are fashionable yet unique. During the year under review, world-class innovative jewellery collections were launched to the market and were well received. Some of which are ornaments and accessories specially designed for festivals like Christmas, Chinese New Year and Mother's Day.

To enhance corporate profile and to signify the uniqueness of the Group's products, it has entered into cooperation with the Hong Kong Productivity Council to jointly introduce the advanced "Laser Imprint System", engraving logo and the serial number of the certificate on diamonds. The Group has planned to purchase another "Laser Imprint System" that could engrave on gold products in the future, with an aim to add value to the services provided by the Group.

The Group's designs gained applauses in numerous local and overseas design competitions, including:

- "The 1st Greater China Trophy for International Jadeite Jewellery Design Competition"

Finished Product Category

- Premium Award – necklace "Leaves"
- Silver Award – head accessory "Great Pagoda"
- Bronco Award – bracelet "Maze"
- Bronco Award – necklace "Butterfly"
- Bronco Award – earrings "Together"
- Creative Idea Award – necklace "The Green Fairy"
- Creative Idea Award – necklace "Snowflakes"

Drawing Category

- Silver Award – "Break"

金飾及珠寶首飾業務

創新設計

本集團的管理層洞悉潮流，銳意創新，熟悉顧客對珠寶的品味及喜好；優秀的設計師則能夠針對潮流，設計出風格獨特，款式新穎的首飾。回顧年內，一系列革新的世界級產品相繼推出市面，廣受歡迎，如為配合聖誕節、農曆新年及母親節等節日而設計的擺設及配件等。

為提升品牌形象及增添產品的獨特性，本集團去年與香港生產力促進局合作，引入先進的鐳射印記系統，在鑽石刻上商標及鑑定證書編號，使顧客增添信心。集團在未來將購置另一鐳射印記系統應用在金飾上，為顧客提供更多增值服務。

集團的設計更於多個本地及國際設計大賽中屢獲殊榮，包括：

- 「第一屆中華杯國際翡翠首飾設計大獎賽」

成品組

- 「中華杯」特別大獎－頸鏈「葉」
- 銀獎－頭飾「東樓」
- 銅獎－手鐲「迷」
- 銅獎－頸鏈「蝶舞」
- 銅獎－耳環「團聚」
- 最佳創作獎－頸鏈「綠野仙踪」
- 最佳創作獎－頸鏈「風花雪」

繪圖組

- 銀獎－「Break」

- “The 5th Buyers’ Favorite Diamond Jewellery Design Competition”
 - Necklace Section: Gold Award – “Opened Heart”
 - Earrings Section: Gold Award – “Defoliation”
 - Bracelet & Brooch Section: Gold Award – “Cyber”
 - Bracelet & Brooch Section: Silver Award – “Catching Life”
 - Creative Section: Bronze Award – “Matching”
- [第五屆最受買家歡迎首飾設計比賽 2002]
 - 項鍊組：冠軍 – 「打開心扉」
 - 耳環組：冠軍 – 「落葉」
 - 手鐲及胸針組：冠軍 – 「異度」
 - 手鐲及胸針組：亞軍 – 「Catching Life」
 - 自由創作組：季軍 – 「襯衣」
- “The 4th Hong Kong Jewellery Design Competition”
 - Best of Show Award: “Halo”
 - Ring Category: Finalist – “Blossom”
- [第四屆香港珠寶設計比賽]
 - 大獎：「銀暈」
 - 戒指組：優異獎 – 「花姿」
- “Chuk Kam Jewellery Design Competition 2002”
 - “A set in 18K” Category: “花火”, “溫暖”
 - Brooch/Pendant Category: “吸引力”
- [足金首飾設計比賽 2002]
 - 西金套裝組：「花火」、 「溫暖」
 - 針墜組：「吸引力」
- “The 4th International South Sea Pearl Jewellery Design Competition”
 - Pendant Category: Bronze Award – “日與夜”
- [第四屆國際南洋珠首飾設計比賽]
 - 吊墜組：銅獎 – 「日與夜」

Brand Building

Branding is undoubtedly important for the long-term development of the Group.

Given the gradual opening of the PRC market, the Group dedicates to promote its trade name of “Luk Fook Jewellery” in the Hong Kong and the PRC markets.

The Group sponsored various public activities during the year, including:

- The Louie Castro concert and the “Elva Live 2002” concert;
- Diamond Crown and some jewellery pieces for the winners of the 2002 Miss Hong Kong Pageant;

品牌建立

品牌的建立對於集團的長遠發展極其重要。

於回顧年內，針對內地逐漸開放的市場，集團銳意提高「六福珠寶」於香港及國內的知名度。

本集團於回顧年內贊助了各種不同的公開活動，包括：

- 贊助賈思樂演唱會及「六福閃耀蕭亞軒演唱會 2002」；
- 贊助 2002 年度香港小姐競選的冠軍后冠及冠亞季軍的名貴鑽飾獎品；

MANAGEMENT DISCUSSION AND ANALYSIS

管理層研討及分析

- Jewellery pieces from Luk Fook and Ice g. collection for TVB Pearl's "Be My Valentine" Contest;
- A gold and diamond plated tennis racket was awarded to the "Most Beloved Player" at the Salem Open 2002; and a number of jewellery pieces were given away to voters.

The Group also organized and participated in numerous promotional activities, including:

- A "六福珠寶閃亮11週年大獎賞" contest was held to celebrate the Group's 11th anniversary. Prizes from sponsorships include a HK\$100,000 worth saloon, diamonds and traveling packages, amounting to HK\$20,000,000. Famous models were present at the award presentation ceremony wearing the winning jewellery pieces;
- Various large-scale road shows including:
 - "生活添'飾'彩" at the Landmark North, Sheung Shui
 - "至愛媽咪靚靚首飾展" at the Cityplaza, Tai Koo Shing
 - "火熱'愛火'迎夏日" at the Sun Chui Shopping Centre, Chai Wan
 - "Panyu International Jewellery Fair" at the Panyu Baiyue Exhibition Center, Panyu
 - "Shenzhen International Jewellery Fair" at the China Hi-Tech Fair Exhibition Center (Shenzhen)
 - "香港國際珠寶鐘錶展覽會" at the Hong Kong Convention And Exhibition Center, Wanchai
 - "六福珠寶閃亮11週年之魅力秋飾展新姿" at the Tuen Mun Town Plaza

- 贊助無線電視明珠台「情濃二月」有獎遊戲獎項，送出六福及Ice g.系列的鑽飾；

- 贊助2002年度沙龍職業網球賽，更舉辦「我最喜愛球員」選舉，得獎者獲贈金鑽網球拍；六福珠寶更送出多項鑽飾予參與投票的人士。

本集團於回顧年內舉辦及參與了多項活動，包括：

- 為慶祝六福集團成立11週年紀念，舉辦有獎遊戲「六福珠寶閃亮11週年大獎賞」活動，獲贊助商送出總值超過港幣20,000,000的禮品，包括頭獎價值超過港幣100,000之名貴房車、多項美鑽大獎及旅遊大獎等。頒獎禮當日，更邀得名模演繹六福珠寶多項得獎首飾作品；
- 舉辦多項大型商場展銷會，包括：
 - 於上水廣場舉辦「生活添“飾”彩」活動
 - 於太古城廣場舉辦「至愛媽咪靚靚首飾展」
 - 於柴灣新翠商場舉辦「火熱“愛火”迎夏日」活動
 - 參與於番禺百越廣場展覽中心的「番禺國際珠寶展覽會」
 - 參與於深圳高交會展覽中心的「深圳國際珠寶展覽會」
 - 參與於灣仔會議展覽中心的「香港國際珠寶鐘錶展覽會」
 - 於屯門市廣場舉辦「六福珠寶閃亮11週年之魅力秋飾展新姿」

- “六福聖誕愛火新感覺” at the New Town Plaza, Shatin;
- The “Hong Kong Mega Sale” organized by the Hong Kong Tourism Board with an aim to boost the Hong Kong tourism industry;
- “The 10th Hong Kong International Jewellery Manufacturers’ Exhibition”, displaying the Group’s award-winning designs at “The 5th Buyers’ Favorite Diamond Jewellery Design Competition”;
- “Hong Kong International Jewellery Show 2003”, showing the Group’s award-winning designs at “The 4th Hong Kong Jewellery Design Competition” and “The 4th International South Sea Pearl Jewellery Design Competition”.
- 於沙田新城市廣場舉辦「六福聖誕愛火新感覺」；
- 參與由香港旅遊發展局所舉辦的「香港新世紀勁買」大抽獎，積極推動香港旅遊業；
- 於「第十屆香港國際珠寶廠商展覽會」中展覽本集團於「第五屆最受買家歡迎首飾設計比賽」的得獎作品；
- 於「香港國際珠寶展2003」中展覽本集團於「第四屆香港珠寶設計比賽」及「第四屆國際南洋珠首飾設計比賽」的得獎作品。

Quality Assurance

“China Gems Laboratory Limited”, the Group’s subsidiary, had tested and issued quality certificates for over 100,000 pieces of jade products. In recent years, the Group has introduced advanced equipments for the testing and issuance of certificates for diamonds and gemstone jewellery. The objective is to ensure that every piece of the Group’s products come with an identification certificate, which could raise the confidence of our customers towards the Group’s products and the market competitiveness.

During the year under review, it has applied to join the gemstone identification and recognition system, as proposed by the Gemmological Association of Hong Kong and the Hong Kong Productivity Council to the Government. It is expected to raise the international recognition of the certificates issued by the laboratory.

Customer Preferences

Customer preferences always come first. The Group believes that only fashionable and customer-driven products could gain market recognition. To cater for the changing customer preferences, the Group has reviewed the proportion of its product mix between gold and gemstone jewellery, from 70%:30% to 56%:44% in 2001/2002.

品質保證

集團的附屬機構，中華珠寶鑑定中心，自成立以來為集團測檢及簽發鑑定證書的玉器至今已超過100,000件。於近年更引入先進的儀器為鑽石及寶石飾物作測檢及簽發證書。目標是為集團每件產品附上鑑定證書，增加顧客對集團產品的信心及提高市場競爭力。

於回顧年內，本中心申請加入由香港寶石學協會及香港生產力促進局向政府建議的寶石鑑定所標識及認證制度。預料當明年落實後，本中心所簽發的證書的國際認受性將更高。

顧客需求

集團極為重視顧客的喜好和口味，認為只有切合潮流和顧客需要的產品才能得到肯定和歡迎。針對消費者口味的轉變，本集團足金和寶石首飾的業務比例，已於2001/2002年度由以往的70%比30%，調整為現時的56%比44%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層研討及分析

Cost Control

The rental costs represent an insignificant 3.5% of the Group's turnover. The Group continues to obtain favorable rates from landlords this year. Negotiations with other landlords on rental issues are in active progress. Advertising and promotion expenditures represent approximately 1.3% of the turnover.

Securities Operation

The Group believes that securities investments and jewellery trading are both inflation-proof assets that one can invest in. During the year under review, the drying up of securities turnover in financial markets caused considerable pressure to the Group's securities business.

Portal Operation

It is believed that jewellers around the world will use the jewellery portal more frequently to streamline their operation procedures. It undoubtedly represents significant business potential for the Group's jewellery portal.

Liquidity and Financial Resources

The Group's core business is gold and jewellery retailing. As at 31st March 2003, the Group's cash on hand reached approximately HK\$91 million (2002: HK\$136 million). The Group's debt-to-equity ratio at the year-end, being the proportion of total debts of approximately HK\$98 million (2002: HK\$92 million) against total shareholders' equity of approximately HK\$525 million (2002: HK\$511 million), was 18.7% (2002: 18.0%).

The Group's income and expenditure streams are mainly denominated in Hong Kong dollars.

Capital Expenditure

During the year under review, the Group incurred capital expenditures of HK\$20 million, including the costs of furniture, fixture and equipment for several new jewellery retail shops and cost of the piece of land for the new factory in Panyu.

成本控制

本集團的租金成本維持於營業額3.5%的低水平，本年度繼續獲得業主的優惠租約，並積極與業主商討租金問題，成功削減開支。廣告及推廣的支出則佔營業額約1.3%。

證券業務

本集團相信，證券投資和珠寶買賣均屬將資產投資保值的事業。回顧期內，證券交易量減縮，對集團的證券業務構成一定影響。

網站業務

各地的珠寶商為了簡化運作的程序，紛紛利用珠寶網站作為交易平台，相信集團的網站擁有巨大的發展潛力。

流動資金及財務資源

本集團的主要業務是金飾及珠寶零售。於2003年3月31日，本集團的手頭現金約達91,000,000港元(2002年：136,000,000港元)，資本負債比率為18.7%(2002年：18.0%)，此乃按總負債約98,000,000港元(2002年：92,000,000港元)及股東權益總額約525,000,000港元(2002年：511,000,000港元)兩者之比例計算。

本集團的收入與支出主要以港元為計算單位。

資本性開支

回顧年內，本集團錄得為數約20,000,000港元的資本性開支，包括開設數間珠寶零售店的裝修設備成本及於番禺新廠房的土地成本。

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2003 (2002: nil).

Employment, Training, Development and Remuneration Policy

As at 31st March 2003, the number of staff of the Group in Hong Kong was approximately 636 (2002: 602). 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 with financial incentives.

The Group values harmony and unity within the corporate community. The Group's Annual Spring Dinner was held at the Hong Kong Convention and Exhibition Center on 11th March 2003. During the event, prizes and awards were presented to outstanding branches and award winning designers as a token of appreciation and encouragement.

或然負債

本集團於2003年3月31日並無任何重大或然負債(2002年：無)。

招聘、培訓、發展及薪酬策略

截至2003年3月31日，本集團於香港的員工數目約為636人(2002年：602人)。管理層定期檢討及制定薪酬策略時，會考慮及比較市場上的各種因素。花紅及其他表現獎賞則與集團及個別員工的表現掛鉤。此政策的實行，是為了以酬金獎賞提升員工士氣，務求為顧客提供最優質的服務。

本集團一向重視企業融洽和諧的文化，因此於2003年3月11日，假座香港會議展覽中心的會堂，舉行一年一度的春節聯歡晚會。席間頒發各項獎項給業績突出的分行及於產品設計比賽中得獎的設計師，以示鼓勵。