

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

INDUSTRY REVIEW

During the year under review, the significant upturn of the Hong Kong economy and drop in unemployment rate had boosted the shopping sentiment of consumers in Hong Kong, creating a favourable consumer environment as a whole. Also, the “Individual Visit Scheme” issued by the Chinese government continues to play its role as a major driving force in the jewellery industry. In addition, the acceptance of the RMB Union Pay Card by the PRC visitors in Hong Kong allows them to indulge in shopping with ease and convenience. The retail market of both the Lunar New Year Holidays and Golden Week are thereby significantly boosted. Jewellery is at an all time favourite with the PRC tourists, and its demand has presented enormous business opportunities, as well as a competitive challenge to the jewellery industry.

The continuous growth of the PRC economy boosted the demand for luxury products such as gold and diamond. Retailers also benefited under the “Closer Economic Partnership Agreement” which allows for zero tariffs benefits. Through its advanced technology, quality products and well-trained staff, the Group anticipates its further penetration into the PRC jewellery market.

REVIEW OF 2004/2005 BUSINESS STRATEGIES

Strategic expansion plan in Hong Kong, the PRC, Macau and overseas markets is the key for the sustainability of the Group's overall profitability. Besides choosing prime locations such as Central, Causeway Bay, and Tsim Sha Tsui, the Group has opened an outlet at the Hong Kong International Airport, to strengthen its international brand image. Furthermore, the Group currently has 3 retail outlets in Canada, and 2 retail outlets in the PRC located at the Guangzhou Baiyun International Airport and at the largest jewellery center in Beijing. During the year under review, the number of licensee shops of the Group in the PRC has increased to over 145.

行業回顧

於回顧年度，香港經濟反彈勢頭強勁，加上失業率下降，香港消費者之消費意欲大大提升，營造整體的利好經營環境。此外，中國政府實施之「自由行計劃」繼續於推動珠寶業發展扮演重要角色，而且訪港內地旅客可在港使用銀聯人民幣付款卡盡情購物簽賬。農曆新年假期及黃金週為零售業的豐收期。珠寶首飾一向深受內地旅客歡迎，有關需求更帶來龐大商機，亦令業內營商環境競爭更形激烈。



中國經濟持續增長，黃金鑽石等珍品需求大增。在「更緊密經貿關係安排」下，不少產品都受惠於零關稅政策，本集團預期將憑藉其先進技術、優質產品及訓練有素的員工，進一步滲透中國珠寶市場。

2004/2005年業務策略回顧

香港、中國、澳門及海外市場之優秀擴展計劃，為本集團維持整體盈利能力之關鍵所在。除中環、銅鑼灣及尖沙咀等黃金地點外，本集團亦於香港國際機場開設分店，藉以鞏固其國際品牌形象。此外，本集團亦於加拿大開設3間分店及於中國開設2間分店，其中一間位於廣州白雲國際機場，另一間則位於北京之全國最大珠寶首飾中心。此外，於回顧年度，本集團於中國之商標許可使用商數目躍升至超過145間。

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Gold and Jewellery Operation

During the year under review, the Group launched various new products into the market so as to suit the needs and taste of different customers. New products include:

- “Love Declaration Diamond Series” was the fusion of the resplendence of diamond and forever promise of DTC Forevermark. Products include pendant and rings encrusted with 0.3 carat or above Forevermarked diamond
- “Temptation Series” was launched during the Labour Day Golden Week, which includes various designs of pendants, earrings and rings made up of 18K platinum with diamond. The elegant yet simple design brings out the irresistible charm of the piece
- To match up with the promotion for the year of rooster, pure gold electroformed mini rooster displays were produced with the theme of “Wealth and Prosperity”
- Lovers’ rings from Ice g. specially designed for Valentine’s Day. Each ring comprised exquisite round-shaped and square-shaped diamonds. The trendy and simple design collection created romantic atmosphere for lovers
- Pearl and jade jewellery “Mother You Are The Best” collection especially designed for Mother’s Day
- To meet the market’s demand, a series of Titanium Steel Jewellery were produced especially for men

金飾及珠寶首飾業務

於回顧年度，本集團於市場推出多款新產品，以迎合不同顧客之需求及品味。新產品包括：

- 「愛的宣言」鑽飾系列，凝聚美鑽的璀璨及DTC Forevermark的永恒承諾。產品包括以0.3克拉或以上印記Forevermark美鑽鑲嵌而成之吊墜及戒指系列
- 於五一黃金週期間，推出「誘惑系列」，包括多款以18K白金襯托閃耀美鑽之吊墜、耳環及戒指，設計簡約流麗，誘發無法抗拒的魅力
- 為配合雞年推廣，特別以「雞肥屋潤」為主題，設計多款Q版造型的足金金雞電鑄擺件
- Ice g.專門店為情人節特別設計多款情侶戒指，設計各有特色，每款均以精選優質圓鑽或方鑽鑲嵌而成，線條簡約而不落俗套，為愛侶增添節日浪漫氣氛
- 為母親節精心設計的「媽咪萬歲」珍珠及翡翠首飾系列
- 為迎合市場需求，推出多款適合男仕配戴之鈦鋼系列首飾

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蔡玉如 Tsoi Yuk Yu, Winny
優異獎 Merit Award
戒指 Ring
「洛神」 Water-nymph



朱慧安 Chu Wai On
大獎 "Best of Show" Award
「圈與點」 Sixty

INNOVATIVE DESIGNS

The Group's designs received numerous awards and recognitions in both local and overseas design competitions, including:

- The 6th Hong Kong Jewellery Design Competition
"Best of Show" Award – "Sixty"
Ring Category: Merit Award – "Water-nymph"
- The Fifth International South Sea Pearl Jewellery Design Competition
Bracelet Category: Silver Award – "Wave"
- International Design Competition for Trendy Jadeite Jewellery
Products Division: Premier Award – "Layers"
Products Division: Gold Medal Award – "Cube"
Products Division: Silver Medal Award – "Shiny Face"
- The 6th Buyers' Favorite Jewelry Design Competition
"Best of the Best" Award – "Never-ending"
Earrings Category: Gold Prize – "Never-ending"
Free Style Design: Gold Prize – "Contact"
Earrings Category: Silver Prize – "Meteor"
Ring Category: Silver Prize – "Fire Diamond"
Bracelet Category: Bronze Prize – "Gyration"
Necklace Category: Bronze Prize – "Wishes"

創新設計

本集團設計於多個本地及海外設計比賽中屢獲殊榮，包括：

- 第六屆香港珠寶設計比賽
大獎 – 「圈與點」
戒指組：優異獎 – 「洛神」
- 第五屆國際南洋珠寶首飾設計比賽
手鐲組：銀獎 – 「疊浪」
- 國際時尚翡翠首飾設計大賽
成品組：翡翠第一大獎 – 「疊翠」
成品組：翡翠第二大獎 – 「三維空間」
成品組：翡翠第三大獎 – 「神采飛揚」
- 第六屆最受買家歡迎首飾設計比賽
專業大獎： – 「漏斗中的沙礫」
耳環組：冠軍 – 「漏斗中的沙礫」
自由創作組：冠軍 – 「聯繫」
耳環組：亞軍 – 「夜星」
戒指組：亞軍 – 「鑽火」
手鐲及手鍊組：季軍 – 「旋渦」
項鍊組：季軍 – 「願望樹」

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Brand Building

Branding is undoubtedly important for the long-term development of the Group. The Group dedicates to promote its trade name of “Luk Fook Jewellery” in Hong Kong, the PRC, and overseas markets.

During the year, the Group has been accredited with the “Hong Kong Top Brand Awards 2004” which was organized by the Chinese Manufacturers’ Association of Hong Kong. There are a total of 10 brand names accredited and Luk Fook Jewellery is the only accredited jeweler in 2004. Also, the Group was awarded the title of “Sincere Trademark of Hong Kong” and “My Most Favorite Top 10 Brands of Hong Kong” in the second annual event held by Guangzhou Daily in the PRC. The Group is very proud to be recognized by both communities of Hong Kong and the PRC, which lay the foundation for the internationalization of the Luk Fook brand name.

Moreover, the Group has been honoured with two trophies, namely “Most Innovative Marketing Award” and “Excellent Service Award”, at DTC Forevermark Appraisal Day organized by the Diamond Trading Company (DTC), which demonstrate the marketing capability and service quality commitment of Luk Fook.

品牌建立

品牌建立對本集團長遠發展極其重要。本集團致力提高「六福珠寶」於香港、國內及海外市場的知名度。

年內，本集團獲得由香港中華廠商聯合會主辦之「2004年香港名牌」殊榮。是次活動共有10個品牌獲獎，而六福珠寶乃2004年唯一獲得該項殊榮之珠寶商。此外，本集團亦獲得由中國廣州日報主辦第二屆「香港優質誠信商號」及「我至喜愛香港十大品牌」之榮銜。本集團對獲中港兩地各界認同感到驕傲，並為六福品牌邁向國際化奠定基礎。

此外，本集團於Diamond Trading Company (DTC)主辦之DTC Forevermark Appraisal Day獲頒「Most Innovative Marketing Award」及「Excellent Service Award」兩項大獎，彰顯六福之市場推廣實力及對優質服務之承諾。

朱慧安 Chu Wai On
翡翠第一大獎 Premier Award
成品組 Products Division
「疊翠」Layers



蔡玉如 Tsoi Yuk Yu, Winny
翡翠第二大獎 Gold Medal Award
成品組 Products Division
「三維空間」Cube



李慧姬 Li Wai Ki, Vickie
翡翠第三大獎 Silver Medal Award
成品組 Products Division
「神采飛揚」Shiny Face



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蔡玉如 Tsoi Yuk Yu, Winny
冠軍 Gold Prize
專業大獎 Best of the Best Award
耳環類 Earrings
「漏斗中的沙礫」Never - ending



朱慧安 Chu Wai On
冠軍 Gold Prize
自由創作組 Free Style Design
「聯繫」Contact



區綺華 Au Yee Wa, Evelyn
銀獎 Silver Award
手鐲組 Bracelet
「疊浪」Wave

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

- Sponsored a charitable Dragon Boat event organized by the Police Dragon Boat Club. The event created a record of successfully finishing the longest distance rowed by dragon boat continuously within 24 hours. The result would be written into the Guinness Record. In addition, the event has raised HK\$250,000, which would be donated to the China Star Light Charity Fund Association for the building of a primary school in Inner Mongolia
- Sponsored the “Chinese Tennis Champions Hong Kong Tour” organized by Hong Kong Tennis Association on 30th January 2005. Half of the income from tickets was donated to the “Hong Kong Red Cross South Asia Relief Fund”, the rest was used to support the work of Chinese Women Tennis Team
- Sponsored the Diamond crown and jewellery pieces for the winners of Miss Hong Kong Pageant for seven consecutive years
- Sponsored the Diamond Crown and jewellery pieces for the winners of Miss Asia Pageant
- Sponsored game shows “The Super Trio Continues...” and “It’s Show Time” on TVB Jade

本集團於年內贊助多項公開活動，包括：

- 贊助香港警察龍舟會慈善龍舟競渡活動，成功創下於24小時內連續划龍舟最長距離的紀錄，並列入健力士紀錄大全。此外，該活動共籌得250,000港元，所得善款將捐贈予中國星火基金會，用作於內蒙古興建小學
- 贊助於2005年1月30日由香港網球總會舉辦的「中國網球冠軍會師香港」活動。門券一半收入已撥捐「香港紅十字南亞賑災基金」，餘額則用作支持中國女子網球隊的工作
- 連續七年贊助香港小姐冠軍的鑽石后冠及亞、季軍的名貴珠寶首飾
- 贊助亞洲小姐冠軍的鑽石后冠及亞、季軍的名貴珠寶首飾
- 贊助無線電視翡翠台遊戲節目「繼續無敵獎門人」及「有招出招」

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

- “Love Declaration writing competition” in sync with the DTC Forevermark “Love Declaration” Diamond promotional activities
- “Love on Fire” Ring Series were produced during Valentine’s Day Promotion. CDs and VCDs of Leon Lai were given out in co-operation with the entertainment group
- Promotional distribution of “Lucky Package” and “Luk Fook Travel Kit” during the Lunar New Year and Labour Day Golden Week
- Holding large scale promotional activities on important days such as Mother’s Day, Christmas, Lunar New Year and Valentine’s Day
- New TV advertisement and special series were broadcasted on major TV Channels

Participated in various large-scale exhibitions including:

本集團另舉辦及參與多項宣傳活動，包括：

- 為配合DTC Forevermark「愛的宣言」鑽飾推廣活動，舉辦「愛的宣言」創作大賽
- 為推廣情人節「愛火系列」的情人對戒，與唱片公司合作推廣，並送出黎明最新唱片CD及VCD
- 於農曆新年及五•一黃金週期間分別送贈「福袋」及「六福旅行袋」作宣傳推廣
- 於母親節、聖誕節、農曆新年及情人節等重要節日舉辦大型宣傳推廣活動
- 在各主要電視台播出廣告雜誌及全新廣告片

參與多項大型展銷會包括：

朱慧安 Chu Wai On
亞軍 Silver Prize
耳環組 Earrings
「夜星」Meteor



朱慧安 Chu Wai On
亞軍 Silver Prize
戒指組 Ring
「鑽火」Fire Diamond



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李慧姬 Li Wai Ki, Vickie
季軍 Bronze Prize
手鐲及手鍊組 Bracelet
「旋渦」Gyration



李慧姬 Li Wai Ki, Vickie
季軍 Bronze Prize
項鍊組 Necklace
「願望樹」Wishes

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- “Jinhan Guangzhou Exhibition” in Guangzhou
 - “5th Shenzhen International Jewellery Fair” at China Hi Tech Fair Exhibition Centre, Shenzhen
 - “Hong Kong Jewellery, Clock and Watch Fair” at the Hong Kong Convention and Exhibition Centre
 - Hong Kong Products Expo at the Victoria Park
 - Exhibition at the Hong Kong Gold Coast Hotel
 - Exhibition at the Hong Kong Panda Hotel
 - 於廣州市舉辦之「廣州錦漢展覽會」
 - 於深圳高交會展覽中心舉辦之「第五屆深圳國際珠寶展覽會」
 - 於香港會議展覽中心舉辦之「香港珠寶鐘錶展」
 - 於維多利亞公園舉辦之香港工展會
 - 黃金海岸酒店展銷會
 - 荃灣悅來酒店展銷會

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Quality Assurance

With its subsidiary gems laboratory namely “China Gems Laboratory Limited”, operated by four certified gemologists who specialize in the authentication of gemstones and jades, the quality of gemstones is ensured before being sold to customers. 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. The laboratory had tested and issued quality certificates for over 100,000 pieces of jade products and has successfully attained the ISO 17025 qualification. Being the first jeweler in Hong Kong has such honour, it revealed that Luk Fook’s professional authentication system has been recognized.

Cost Control

The rental costs represent an insignificant 3.4% of the Group’s turnover. The Group continues to obtain favourable 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.

Portal Operation

The Group believes that jewelers around the world will use the jewellery portal more frequently to view samples and purchase jewellery in order 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 2005, the Group’s bank balances and cash reached approximately HK\$131,000,000 (2004: HK\$73,000,000). The Group’s debt-to-equity ratio at the year-end, being the proportion of total debts of approximately HK\$159,000,000 (2004: HK\$120,000,000) against total shareholders’ equity of approximately HK\$674,000,000 (2004: HK\$583,000,000), was 23.6% (2004: 20.6%).

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

品質保證

本集團旗下附屬公司「中華珠寶鑑定中心」由四名專門鑑定寶石及翡翠的認可寶石鑑定師管理，確保寶石質量始售予顧客。本集團近年引入先進儀器測檢鑽石及寶石飾物，並簽發證書。為本集團每件產品附上鑑定證書的目的，是為增強顧客對本集團產品的信心及提高市場競爭力。經鑑定中心測檢及簽發鑑定證書的玉器超過100,000件，中心並成功取得ISO 17025認證。六福為香港首個獲得有關資格之珠寶商，足以證明六福之專業鑑定系統備受認同。

成本控制

本集團的租金成本僅佔本集團營業額3.4%，本年度本集團繼續獲得業主的優惠租約，並積極與其他業主商討租金問題。廣告及推廣支出則佔營業額約1.3%。

網站業務

本集團相信，世界各地的珠寶商為簡化運作程序，將紛紛採用珠寶網站作為瀏覽貨辦及進行珠寶交易之平台，無疑反映了本集團珠寶網站之業務發展潛力優厚。

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。截至2005年3月31日，本集團的銀行結餘及現金約達131,000,000港元（2004年：73,000,000港元）。本集團之年終資本負債比率為23.6%（2004年：20.6%），此乃按總負債約159,000,000港元（2004年：120,000,000港元）相對股東權益總額約674,000,000港元（2004年：583,000,000港元）之比例計算。

本集團之收支項目主要以港元列值。



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Capital Expenditure

During the year under review, the Group incurred capital expenditures of approximately HK\$82,000,000 (2004: HK\$45,000,000), including the costs of furniture, fixture and equipment for several new jewellery retail shops as well as the cost for decorating its new head office in Kwun Tong.

Contingent Liabilities

The Group did not have any significant contingent liabilities at 31st March 2005 (2004: Nil).

Employment, Training, Development and Recruitment Remuneration Policy

As at 31st March 2005, the number of employees (including staff and workers) of the Group was approximately 1,550 (2004: 700). 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 others merit payments are linked to the 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.

資本性開支

於回顧年內，本集團之資本性開支約為82,000,000港元（2004：45,000,000港元），包括數間新開設珠寶零售商店的傢俬、裝置及設備成本，以及裝修觀塘新總辦事處的成本。

或然負債

本集團於2005年3月31日並無任何重大或然負債（2004年：無）。

招聘、培訓、發展及薪酬策略

截至2005年3月31日，本集團的員工（包括職員及工人）數目約為1,550人（2004年：700人）。管理層定期檢討及制定薪酬政策。薪酬待遇乃經考慮市場相若水平後釐定。花紅及其他表現獎賞則與本集團及個別員工的表現掛鉤。此政策旨在以酬金獎賞提升員工之工作表現。