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六福集團(國際)有限公司

LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with Limited Liability)
Stock Code 股份代號 : 0590

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2012

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	Note	2012 HK\$'000	2011 HK\$'000
Revenue	3	11,907,440	8,091,121
Cost of sales	4	(9,148,749)	(6,173,877)
Gross profit		2,758,691	1,917,244
Other income		68,521	55,977
Selling and distribution costs	4	(1,076,388)	(812,593)
Administrative expenses	4	(136,079)	(99,169)
Other losses, net	5	(22,416)	(28,916)
Operating profit		1,592,329	1,032,543
Finance income		3,332	854
Finance costs		(3,208)	(4,661)
Finance income/(costs), net		124	(3,807)
Share of results of an associate		2,759	487
Profit before income tax		1,595,212	1,029,223
Income tax expenses	6	(247,970)	(152,007)
Profit for the year		1,347,242	877,216
Profit attributable to:			
Equity holders of the Company		1,333,941	866,216
Non-controlling interests		13,301	11,000
		1,347,242	877,216
Earnings per share for profit attributable to equity holders of the Company during the year	7		
Basic		HK\$2.43	HK\$1.71
Diluted		HK\$2.43	HK\$1.71

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit for the year	<u>1,347,242</u>	<u>877,216</u>
Other comprehensive income:		
Currency translation differences	30,438	26,476
Revaluation surplus of property, plant and equipment upon transfer to investment properties, net of tax	—	16,114
Reversal of revaluation surplus made in prior year, net of tax	<u>(16,114)</u>	<u>—</u>
Other comprehensive income for the year, net of tax	<u>14,324</u>	<u>42,590</u>
Total comprehensive income for the year	<u>1,361,566</u>	<u>919,806</u>
Attributable to:		
— Equity holders of the Company	1,347,515	908,044
— Non-controlling interests	<u>14,051</u>	<u>11,762</u>
Total comprehensive income for the year	<u>1,361,566</u>	<u>919,806</u>

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2012

		As at 31st March	
		2012	2011
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		395,160	369,942
Land use rights		48,574	15,188
Investment properties		62,253	80,638
Interests in an associate		8,161	5,219
Trading licence		1,080	1,080
Rental deposits and prepayments		64,182	39,540
Deferred income tax assets		29,936	19,016
		<u>609,346</u>	<u>530,623</u>
Current assets			
Inventories		4,330,499	2,630,824
Trade receivables	9	162,516	108,591
Deposits, prepayments and other receivables		98,043	40,717
Amount due from an associate		—	5,052
Cash and cash equivalents		1,538,057	965,892
		<u>6,129,115</u>	<u>3,751,076</u>
Total assets		<u>6,738,461</u>	<u>4,281,699</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	10	58,910	54,250
Share premium	10	2,522,983	1,187,933
Reserves		2,760,315	1,953,645
Proposed dividends		253,316	227,853
		<u>5,595,524</u>	<u>3,423,681</u>
Non-controlling interests		48,758	34,707
Total equity		<u>5,644,282</u>	<u>3,458,388</u>

		As at 31st March	
		2012	2011
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		23,988	18,503
Employee benefit obligations		53,921	27,966
		<u>77,909</u>	<u>46,469</u>
Current liabilities			
Trade payables, other payables and accruals	<i>11</i>	877,089	686,400
Amount due to an associate		21,039	—
Current income tax liabilities		118,142	90,442
		<u>1,016,270</u>	<u>776,842</u>
Total liabilities		<u>1,094,179</u>	<u>823,311</u>
Total equity and liabilities		<u>6,738,461</u>	<u>4,281,699</u>
Net current assets		<u>5,112,845</u>	<u>2,974,234</u>
Total assets less current liabilities		<u>5,722,191</u>	<u>3,504,857</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Luk Fook Holdings (International) Limited (the “Company”) was incorporated in Bermuda on 3rd September 1996 as a company with limited liability under the Companies Act of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12 Bermuda.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones and other accessory items.

The Company’s shares were listed in the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6th May 1997.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities are carried at fair value, as appropriate.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Adoption of revised standard and amendments to existing standards effective during the period from 1st April 2011 to 31st March 2012

The Group has adopted the following revised standard and amendments to existing standards which are mandatory for accounting periods beginning on or after 1st April 2011 and relevant to the Group:

HKAS 24 (Revised)	Related party disclosures
HKFRSs Amendments	Improvements to HKFRSs 2010

The adoption of such revised standard and amendments to existing standards does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

(b) New interpretations and amendments to existing standards effective during the period from 1st April 2011 to 31st March 2012 but not relevant to the Group

The following new interpretations and amendments to existing standards are mandatory for accounting periods beginning on or after 1st April 2011 but currently not relevant to the Group:

HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS7 disclosures for first-time adoptors
HK(IFRIC)-Int 14	Prepayments of a minimum funding requirement
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments

(c) New/revised standards, new interpretations and amendments to existing standards have been issued but are not effective

The following new/revised standards, new interpretations and amendments to existing standards have been issued but not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of items of other comprehensive income ⁽²⁾
HKAS 12 (Amendment)	Deferred tax: recovery of underlying assets ⁽¹⁾
HKAS 19 (2011)	Employee benefits ⁽²⁾
HKAS 27 (2011)	Separate financial statements ⁽²⁾
HKAS 28 (2011)	Investments in associates and joint ventures ⁽²⁾
HKAS 32 (Amendment)	Presentation: offsetting financial assets and financial liabilities ⁽³⁾
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates of first-time adopters ⁽¹⁾
HKFRS 1 (Amendment)	Government loans ⁽²⁾
HKFRS 7 (Amendment)	Disclosures — offsetting financial assets and financial liabilities ⁽²⁾
HKFRS 7 (Amendment)	Disclosures — transfers of financial assets ⁽¹⁾
HKFRS 9	Financial instruments ⁽⁴⁾
HKFRS 10	Consolidated financial statements ⁽²⁾
HKFRS 11	Joint arrangements ⁽²⁾
HKFRS 12	Disclosure of interests in other entities ⁽²⁾
HKFRS 13	Fair value measurement ⁽²⁾
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine ⁽²⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1st April 2012

⁽²⁾ Effective for the Group for annual period beginning on 1st April 2013

⁽³⁾ Effective for the Group for annual period beginning on 1st April 2014

⁽⁴⁾ Effective for the Group for annual period beginning on 1st April 2015

3 SEGMENT INFORMATION

The chief operating decision-makers (“CODM”) has been identified collectively as the executive director and senior management. CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

CODM considers the business by nature of business activities and assesses the performance of the following operating segments:

- i. Retailing — Hong Kong, Macau and overseas
- ii. Retailing — The People’s Republic of China (“PRC”)
- iii. Wholesaling
- iv. Licensing

CODM assesses the performance of the operating segments based on segment results. Finance income and costs, corporate income and expenses are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Assets of reportable segments exclude interests in an associate, certain leasehold land and buildings, investment properties, deferred income tax assets and corporate assets, all of which are managed on a central basis. These are part of reconciliation to total assets of the consolidated balance sheet.

Sales to external customers are after elimination of inter-segment sales. Sales between segments are carried out at mutually agreed terms. The revenue from external parties, assets and liabilities, reported to the CODM is measured in a manner consistent with that in the consolidated income statement and balance sheet.

	Year ended 31st March 2012				
	Retailing — Hong Kong, Macau and Overseas HK\$'000	Retailing — The PRC HK\$'000	Wholesaling HK\$'000	Licensing HK\$'000	Reportable segments Total HK\$'000
Revenue					
Sales of merchandises	9,617,338	744,420	3,915,730	—	14,277,488
Inter-segment sales	(693,680)	(315)	(2,813,758)	—	(3,507,753)
	<u>8,923,658</u>	<u>744,105</u>	<u>1,101,972</u>	<u>—</u>	<u>10,769,735</u>
Sales of scrap gold and platinum and gold bullion	—	—	711,029	—	711,029
Sales to external customers	8,923,658	744,105	1,813,001	—	11,480,764
Royalty income	—	—	—	402,743	402,743
Consultancy fee income	—	—	—	23,933	23,933
Revenue from external customers	<u>8,923,658</u>	<u>744,105</u>	<u>1,813,001</u>	<u>426,676</u>	<u>11,907,440</u>
Results of reportable segments	<u>1,073,258</u>	<u>85,133</u>	<u>313,317</u>	<u>284,040</u>	<u>1,755,748</u>
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					1,755,748
Unallocated income					9,934
Unallocated expenses					(173,353)
					<u>1,592,329</u>
Operating profit					
Finance income					3,332
Finance costs					(3,208)
Share of results of an associate					2,759
					<u>1,595,212</u>
Profit before income tax					
Income tax expense					(247,970)
					<u>1,347,242</u>
Profit for the year					
Non-controlling interests					(13,301)
					<u>1,333,941</u>
Profit attributable to equity holders of the Company					<u>1,333,941</u>

Year ended 31st March 2012

	Retailing — Hong Kong, Macau and overseas HK\$'000	Retailing — The PRC HK\$'000	Wholesaling HK\$'000	Licensing HK\$'000	Inter- segment elimination HK\$'000	Reportable segments Total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(28,082)	(11,886)	(9,925)	(1,425)	—	(51,318)	(18,475)	(69,793)
Amortisation of land use rights	—	—	(161)	(1,171)	—	(1,332)	(298)	(1,630)
Depreciation of investment properties	—	—	—	—	—	—	(1,257)	(1,257)
Addition of non-current assets	<u>23,577</u>	<u>16,756</u>	<u>27,746</u>	<u>34,052</u>	<u>—</u>	<u>102,131</u>	<u>51,077</u>	<u>153,208</u>

As at 31st March 2012

	Retailing — Hong Kong, Macau and overseas HK\$'000	Retailing — The PRC HK\$'000	Wholesaling HK\$'000	Licensing HK\$'000	Inter-segment elimination HK\$'000	Reportable segments Total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	<u>3,110,679</u>	<u>776,988</u>	<u>2,283,666</u>	<u>266,763</u>	<u>(984,744)</u>	<u>5,453,352</u>		5,453,352
Interests in an associate							8,161	8,161
Land and buildings							223,637	223,637
Investment properties							62,253	62,253
Deferred income tax assets							29,936	29,936
Other unallocated assets							<u>961,122</u>	<u>961,122</u>
Total assets								<u>6,738,461</u>
Segment liabilities	<u>(682,208)</u>	<u>(610,581)</u>	<u>(291,944)</u>	<u>(255,449)</u>	<u>984,744</u>	<u>(855,438)</u>		<u>(855,438)</u>
Deferred income tax liabilities							(23,988)	(23,988)
Current income tax liabilities							(118,142)	(118,142)
Other unallocated liabilities							<u>(96,611)</u>	<u>(96,611)</u>
Total liabilities								<u>(1,094,179)</u>

Year ended 31st March 2011

	Retailing — Hong Kong, Macau and overseas <i>HK\$'000</i>	Retailing — The PRC <i>HK\$'000</i>	Wholesaling <i>HK\$'000</i>	Licensing <i>HK\$'000</i>	Reportable segments Total <i>HK\$'000</i>
Revenue					
Sales of merchandises	6,200,336	454,942	2,730,280	—	9,385,558
Inter-segment sales	(214,393)	(778)	(1,991,562)	—	(2,206,733)
	<u>5,985,943</u>	<u>454,164</u>	<u>738,718</u>	<u>—</u>	<u>7,178,825</u>
Sales of scrap gold and platinum and gold bullion	—	—	636,738	—	636,738
	<u>5,985,943</u>	<u>454,164</u>	<u>1,375,456</u>	<u>—</u>	<u>7,815,563</u>
Royalty income	—	—	—	253,292	253,292
Consultancy fee income	—	—	—	22,266	22,266
	<u>5,985,943</u>	<u>454,164</u>	<u>1,375,456</u>	<u>275,558</u>	<u>8,091,121</u>
Revenue from external customers	<u>5,985,943</u>	<u>454,164</u>	<u>1,375,456</u>	<u>275,558</u>	<u>8,091,121</u>
Results of reportable segments	<u>693,109</u>	<u>68,173</u>	<u>209,025</u>	<u>172,540</u>	<u>1,142,847</u>
A reconciliation of results of reportable segments to profit for the year is as follows:					
Results of reportable segments					1,142,847
Unallocated income					4,573
Unallocated expenses					(114,877)
Operating profit					1,032,543
Finance income					854
Finance costs					(4,661)
Share of results of an associate					487
Profit before income tax					1,029,223
Income tax expense					(152,007)
Profit for the year					877,216
Non-controlling interests					(11,000)
Profit attributable to equity holders of the Company					<u>866,216</u>

Year ended 31st March 2011

	Retailing — Hong Kong, Macau and overseas HK\$'000	Retailing — The PRC HK\$'000	Wholesaling HK\$'000	Licensing HK\$'000	Inter-segment elimination HK\$'000	Reportable segments Total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	(23,781)	(6,644)	(9,551)	(458)	—	(40,434)	(9,073)	(49,507)
Amortisation of land use rights	—	—	(155)	(300)	—	(455)	(13)	(468)
Depreciation of investment properties	—	—	—	—	—	—	(922)	(922)
Addition of non-current assets	43,219	5,105	43,085	728	—	92,137	8,662	100,799

As at 31st March 2011

	Retailing — Hong Kong, Macau and overseas HK\$'000	Retailing — The PRC HK\$'000	Wholesaling HK\$'000	Licensing HK\$'000	Inter-segment elimination HK\$'000	Reportable segments Total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	2,068,987	414,841	1,702,170	135,470	(892,896)	3,428,572	—	3,428,572
Interests in an associate							5,219	5,219
Land and buildings							194,307	194,307
Investment properties							80,638	80,638
Deferred income tax assets							19,016	19,016
Other unallocated assets							553,947	553,947
Total assets								4,281,699
Segment liabilities	(813,317)	(339,560)	(192,799)	(165,794)	892,896	(618,574)	—	(618,574)
Deferred income tax liabilities							(18,503)	(18,503)
Current income tax liabilities							(90,442)	(90,442)
Other unallocated liabilities							(95,792)	(95,792)
Total liabilities								(823,311)

The Group's revenue are mainly derived from Hong Kong customers, PRC visitors in Hong Kong and PRC customers. An analysis of the Group's revenue by location which the transaction took place is as follows:

	2012	2011
	HK\$'000	HK\$'000
Revenue		
Hong Kong	8,278,475	5,886,770
The PRC	2,204,624	1,401,780
Other locations	1,424,341	802,571
	<u>11,907,440</u>	<u>8,091,121</u>

An analysis of the Group's non-current assets (other than deferred income tax assets and rental deposits) by location of assets is as follows:

	2012				2011			
	Hong Kong	The PRC	Other locations	Total	Hong Kong	The PRC	Other locations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	271,420	112,091	11,649	395,160	270,646	88,604	10,692	369,942
Land use rights	—	48,574	—	48,574	—	15,188	—	15,188
Investment properties	60,152	2,101	—	62,253	80,638	—	—	80,638
Interests in an associate	8,161	—	—	8,161	5,219	—	—	5,219
Trading licence	1,080	—	—	1,080	1,080	—	—	1,080
Prepayment for purchase of building and land use right	—	22,828	—	22,828	—	—	—	—
	<u>340,813</u>	<u>185,594</u>	<u>11,649</u>	<u>538,056</u>	<u>357,583</u>	<u>103,792</u>	<u>10,692</u>	<u>472,067</u>

4 EXPENSES BY NATURE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cost of sales		
— cost of inventories sold (<i>Note</i>)	9,010,107	6,073,376
— cost of licensing business (<i>Note</i>)	<u>138,642</u>	<u>100,501</u>
	9,148,749	6,173,877
Staff costs (including the directors' emoluments)	530,563	381,748
Operating lease		
— minimum lease payments	204,631	197,596
— contingent rents	98,046	55,221
Advertising and promotion expenses	59,103	37,870
Commission expenses to credit card companies	101,990	67,874
Depreciation of property, plant and equipment	69,793	49,507
Depreciation of investment properties	1,257	922
Amortisation of land use rights	1,630	468
Loss on disposal of property, plant and equipment	590	1,968
Auditor's remuneration	3,920	3,593
Insurance	7,206	6,448
Packaging materials	11,499	8,734
Repair and maintenance	6,601	6,383
Property management fee and rate	10,184	9,574
Others	<u>105,454</u>	<u>83,856</u>
Total	<u><u>10,361,216</u></u>	<u><u>7,085,639</u></u>
Representing:		
Cost of sales	9,148,749	6,173,877
Selling and distribution costs	1,076,388	812,593
Administrative expenses	<u>136,079</u>	<u>99,169</u>
	<u><u>10,361,216</u></u>	<u><u>7,085,639</u></u>

Note: Cost of inventories sold and cost of licensing business include staff costs (including the directors emoluments) of HK\$139,620,000 (2011: HK\$115,564,000).

5 OTHER LOSSES, NET

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss on derivative financial instruments — trading of gold	(26,228)	(37,548)
Net exchange gain	4,383	8,538
Others	<u>(571)</u>	<u>94</u>
	<u><u>(22,416)</u></u>	<u><u>(28,916)</u></u>

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current taxation:		
— Hong Kong profits tax	146,015	91,556
— PRC corporate income tax	83,964	47,102
— overseas taxation	24,823	14,174
— over-provision in prior years	(4,581)	(4,523)
Deferred tax	(2,251)	3,698
Income tax expense	<u>247,970</u>	<u>152,007</u>

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$1,333,941,000 (2011: HK\$866,216,000) and the weighted average number of 550,019,872 (2011: 507,987,302) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31st March 2012 and 2011 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

8 DIVIDENDS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
2011/12 interim, paid, of HK\$0.53 (2010/11 interim: HK\$0.26) per ordinary share	<u>287,529</u>	<u>141,052</u>
2011/12 final, proposed, of HK\$0.43 (2010/11 final: HK\$0.42) per ordinary share (<i>Note</i>)	<u>253,316</u>	<u>227,853</u>

Note: At a meeting held on 27th June 2012, the directors recommended the payment of a final dividend of HK\$0.43 per ordinary share, totalling HK\$253,316,000. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company on 22nd August 2012. This proposed dividend is not reflected as dividends payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st March 2013.

9 TRADE RECEIVABLES

The Group's sales comprised mainly cash sales and credit card sales. Concessionaire sales through department stores and sales to wholesale customers are generally on credit terms ranging from 0 to 90 days.

The ageing analysis of trade receivables is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 30 days	131,989	86,473
31 – 60 days	20,447	17,789
61 – 90 days	8,389	2,953
91 – 120 days	1,493	40
Over 120 days	198	1,336
	162,516	108,591

The carrying amounts of trade receivables approximate their fair values.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
HK\$	44,605	35,342
RMB	112,080	69,295
Other currencies	5,831	3,954
	162,516	108,591

The credit quality of trade receivables has been assessed by reference to historical default rate of the counterparty. The existing counterparties do not have defaults in the past.

As at 31st March 2012, trade receivables of HK\$1,691,000 were past due but not impaired (2011: HK\$1,376,000) which aged over 90 days.

10 SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	2012		2011	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.1 each	<u>800,000,000</u>	<u>80,000</u>	<u>800,000,000</u>	<u>80,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.1 each				
At 1st April	542,507,850	54,250	492,507,850	49,250
Issue of shares	<u>46,600,000</u>	<u>4,660</u>	<u>50,000,000</u>	<u>5,000</u>
At 31st March	<u>589,107,850</u>	<u>58,910</u>	<u>542,507,850</u>	<u>54,250</u>

On 9th December 2010, the Company issued 50,000,000 ordinary shares at nominal value of HK\$0.1 each for aggregate cash consideration of HK\$1,157,500,000. The net proceeds of such issue of shares after deducting the issuing expenses of HK\$23,451,000, is credited to share capital and share premium accounts.

On 2nd February 2012, the Company issued 46,600,000 ordinary shares at nominal value of HK\$0.1 each for aggregate cash consideration of HK\$1,363,050,000. The net proceeds of such issue of shares after deducting the issuing expenses of HK\$23,340,000, is credited to share capital and share premium accounts.

The new shares rank pari passu in all respects with the then existing shares.

(b) Share premium

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st April	1,187,933	58,884
Issue of shares	<u>1,335,050</u>	<u>1,129,049</u>
At 31st March	<u>2,522,983</u>	<u>1,187,933</u>

11 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade payables	402,961	332,845
Deposits from customers and licensees	204,931	153,321
Salaries and welfare payables	158,375	104,429
Other payables	71,963	49,123
Accrued expenses	38,859	46,682
	<u>877,089</u>	<u>686,400</u>

The ageing analysis of trade payables is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 – 30 days	233,750	193,330
31 – 60 days	98,752	78,973
61 – 90 days	8,609	15,720
91 – 120 days	21,014	26,702
Over 120 days	40,836	18,120
	<u>402,961</u>	<u>332,845</u>

The carrying amounts of trade payables and other payables approximate their fair values.

The carrying amounts of the Group's trade payables, other payables and accruals are denominated in the following currencies:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
HK\$	422,335	395,834
RMB	262,913	180,223
US\$	172,850	87,412
Other currencies	18,991	22,931
	<u>877,089</u>	<u>686,400</u>

FINANCIAL PERFORMANCE

Results

For the year ended 31st March 2012, the Group's total revenue was approximately HK\$11,907,440,000, which represented a 47% growth as compared to HK\$8,091,121,000 in the previous year. Profit attributable to shareholders grew by 54% to approximately HK\$1,333,941,000 from HK\$866,216,000 of last year. Operating profit margin improved from 12.8% to 13.4% in this financial year. Basic earnings per share were HK\$2.43 (2011: HK\$1.71).

Dividend

The Directors proposed a final dividend of HK\$0.43 per share (2011: HK\$0.42 per share) for the year ended 31st March 2012. In addition to the paid interim dividend of HK\$0.53 per share, the dividend for the financial year 2011/12 amounted to HK\$0.96 per share (2011: HK\$0.68 per share). The proposed dividend will be paid on 6th September 2012 subject to shareholders' approval at the Annual General Meeting on 22nd August 2012.

Overview

The overall performance was very impressive in the financial year 2011/12. Retail business accounted for the huge surge in the Group's performance owing to the rising demand for luxury products from Mainland visitors holding appreciating Renminbi and aspiration of purchasing high quality gold and jewellery items in Hong Kong.

Retail business, which accounted for 81.2% of total revenue, continued to be the mainstream of the Group's revenue, having valued at HK\$9,667,763,000 representing an upsurge of 50.1% from last year's figure. At the same time, revenue from wholesale business grew to HK\$1,813,001,000 and brought in 15.2% of the Group's total revenue, representing a 31.8% growth from last year. Despite the huge fluctuation in gold price, gold products remained as the top product on the sales list. During the year under review, gold/platinum products and gem-stone products, excluding trade-in transactions, contributed approximately 59.5% and 40.5% of the Group's total sales.

Mainland visitors continued to be the major source of customers, contributing over 50% to the Group's retail sales. According to the figures released by the Hong Kong Tourism Board, the Mainland arrivals hit a historical high of approximately 28.1 million in 2011, demonstrating a sharp annual increase of 23.9%. 65.3% of visitors, approximately 18.3 million, came to Hong Kong under the Individual Visit Scheme (IVS), up by 28.8% over 2010. The increasing tourism traffic, as well as wealth effect deriving from robust China economy help to stimulate the retail sales of the Group.

BUSINESS PERFORMANCE

Hong Kong Market

The Hong Kong market remained as the key contributor to the Group, contributing 69.5% to the Group's total revenue. As at 31st March 2012, the Group operated a total of 32 retail outlets in Hong Kong, of which the new shop located at Lee Garden Road, Causeway Bay was opened in December 2011. In April 2012, the Group opened 3 new retail outlets in Hong Kong.

Mainland visitors remained as a major boost to retail business. With the extensive government promotion on tourism and support towards trade fairs and trade shows, IVS visitors from the Mainland was record breaking. Alongside the continuous appreciation of Renminbi which generated greater travel sentiment, stronger demand for luxury products had been pushing up local retail sales.

The Group diversified its product portfolio to provide customers with wider selection of choices. Since 2010, the watch business had been drawing in new business opportunities from the high-end watch market. As at 31st March 2012, the Group had been an authorized dealer of 16 watch brands, including BALL, CERTINA, CORUM, DOXA, ENICAR, ERNEST BOREL, HAMILTON, HARRY WINSTON, LONGINES, MAURICE LACROIX, MIDO, OMEGA, PHILIP STEIN, RADO, TAG HEUER and TISSOT. During the year under review, the watch business contributed to a revenue of HK\$202,554,000 with a 183% growth from last year.

During the year, the Group strived to enhance its prestigious brand image and market penetration through organizing extensive marketing campaigns, wide range of joint promotions, exhibitions and sponsorship, and excellent results had been achieved.

PRC market

The outstanding performance of the PRC retail market in 2011 was driven by various factors such as increasing disposable income, rapid urbanization and Government policies that stimulated internal consumption. During the financial year, revenue from the PRC market amounted to HK\$2,204,624,000 (2011: HK\$1,401,780,000), which represented 18.5% of the Group's total revenue and 57.3% growth from last year.

The Group was increasing its presence in Greater China. In accordance with the report "Gold Demand Trends First quarter 2012" released by World Gold Council, the gold demand of China strived a strong growth beyond India and China became the world's largest gold consumer market for two consecutive quarters. This rising demand for luxury products will continue to be the strong growth momentum for the Group's retail sales. During the year, the Group had been striving to further penetrate into the PRC market and expand its footprint from first-tier cities down to third-tier cities facilitated by 61 self-operated shops and 758 licensee shops, accumulating the total number of outlets in the PRC to 819 as at 31st March 2012. Through continuous expansion of the retail network, it is believed that future opportunities and market share in the untapped market would be captured. In April 2012, the Group opened around 30 new retail outlets in the PRC. The Group is confident with the potential growth of the PRC market and will continue to focus on the development by expanding the retail network.

Macau Market

As at 31st March 2012, the Group operated 6 retail outlets in Macau. In May 2011, the Group introduced its sixth store at G13 of the East Promenade in Galaxy Macau Resort. For the year under review, the revenue generated from Macau market amounted to HK\$1,337,705,000 with a spectacular growth rate of 75.8%. In April 2012, the Group opened 2 new retail outlets in Macau.

Similar to Hong Kong, Macau tourism had been blooming under the Individual Visit Scheme. In 2011, Mainland arrivals surged by 22.2% compared to the previous year. With stronger and continuously improving tourism performance, the Group remained optimistic towards Macau operations.

Overseas Market

Reviewing on the financial year 2011/12, the Group operated 5 overseas retail outlets, including 1 self-operated shop in Singapore, 2 self-operated shops in the United States and 2 shops (1 self-operated and 1 licensee) in Canada.

As the Group's first move into Southeast Asia had tapped the potential market in the region, our retail outlet at The Shoppes at Marina Bay Sands in Singapore provided attractive returns. Amid the financial crunch in US market, performances of these shops over the North America were satisfactory.

Upholding the corporate motto of "Brand of Hong Kong, Sparkling the World", the Group will continue to broaden the overseas opportunities while strengthening its leadership in the Greater China.

BUSINESS REVIEW

Product

During the year under review, the Group strived to enlarge its product portfolio to cater diverse customer needs from various target segments. A series of new product with delicate design and exquisite craftsmanship is launched during festive seasons:

- "Beauty of Love" Collection for Mother's Day Promotion
- "K-gold elite" 18K Gold Collection jointly promoted with World Gold Council
- "Wedding" Collection for wedding couples
- Pt Bridal and Pt Non-bridal Collection jointly promoted with Platinum Guild International
- "Love is Beauty" Collection to convey the "Beauty of Love"

- Pure Gold “Xifu” Collection jointly promoted with World Gold Council
- “Gold Charisma” Collection in a blend of trend-setting element and stylish design
- “Love Forever” Collection with celebrity Mr. Raymond Lam as the spokesperson in the PRC, Hong Kong and Macau
- Pure gold ornaments of “Leaping Dragon” Collection, accessories of “12 Chinese Zodiac for the Year of Dragon” and a series of gold coins, gold bar and gold sycee to celebrate the Lunar New Year
- “Convergence of Love” Collection specially designed for Valentine’s Day

Retail Network

As at 31st March 2012, the Group had 103 wholly owned retail outlets under the brand name of “Lukfook Jewellery” in the PRC, Hong Kong, Macau, Singapore, the United States and Canada. Across the entire retail network, one new shop was opened in Causeway Bay, Hong Kong, while another new shop was opened in Macau, with a total of 32 retail outlets and 6 retail outlets in Hong Kong and Macau respectively.

For the year under review, the Group operated 61 self-operated shops in the PRC. The number of licensee shops there was also increased to 758 as at 31st March 2012.

Marketing and Promotion

To further align with the corporate vision of “Brand of Hong Kong, Sparkling in the World” and promote corporate image, the Group has been active in numerous marketing activities and publicity campaigns, with the ultimate aim of further consolidating corporate image and increasing awareness in the global jewellery market. In order to achieve our goals, creative, all-rounded marketing strategies have been adopted in key markets to convey corporate image, reach potential customers and stimulate sales.

The Group has continued to actively launch marketing campaigns and promotions via various marketing channels, including TV channels, printed media, outdoor billboards, the Internet platforms, direct marketing, public relations, jewellery sponsorship and exhibitions. Below are some highlights of the past year:

- Sponsored the diamond crown and precious jewellery pieces to “Miss Hong Kong Pageant” for the 14th consecutive year
- Being the exclusive sponsor of the crown of “2011 Miss Universe China Reignwood Pageant”

- Sponsored the “Miss Chinese Pageant” in Vancouver and Toronto, Canada for several years
- Acted as the exclusive jewellery sponsor in “TVS New Silk Road Model Contest” and invited the champion, first runner-up, second runner-up and nine finalists to attend the “Xifu Collection New Product Launch 2011” event
- Sponsored promotional activities of department stores/conglomerates in the PRC such as, invited 2011 Miss Universe China, Ms. Roseline Luo, to be the ribbon-cutting guest for the grand opening of Jinan new Shop and Sponsored Wanda Group’s first “The Jewelleries and Watches Culture Week” and “Speed Dating” Events in the PRC
- Invited celebrity Mr. Raymond Lam as the spokesperson of “Love Forever” Collection in the PRC, Hong Kong and Macau
- Invited Mr. Raymond Lam to participate in the New Product Launch of “Love Forever” Collection and Autograph Signing Session in Hong Kong and the grand opening ceremony in Wuhan
- Invited renowned actress and model Ms. Lynn Xiong to attend “Lukfook Jewellery K-gold elite Collection New Product Launch” event in Beijing
- Launched new TV commercial series “Love is Beauty”
- Broadcasted TV commercials on mainstream TV channels in Hong Kong, the PRC & overseas and provided Product Sponsorship for TV programmes, key drama series and variety shows
- Sponsored “Logo key-up with Date/Time Check” inside TVB Jade prime time programme, TV drama series “Men with No Shadows” by Mr. Raymond Lam and “Come2me Raymond Lam Live Concert”
- Collaborated with Pearl River Channel and sponsored the 28th Anniversary and Concert by Guangdong Television Pearl River Channel
- Being the sponsor of “Boss Magazine 2011 Charity Award Ceremony” and won the honourable award “The Most Wanted Outstanding Jewellery Brand” in Wuhan
- Sponsored concerts in different regions such as the “2011 Summer Pop — Live in HK” concert held by Hong Kong Tourism Board, “Light Up My Live Raymond Lam Live Concert 2011”, “Faye Wong 2011 Concert”, “Sammi Love Mi World Tour 2011” and “Jacky Cheung 1/2 Century Tour 2012” in Canada
- Being the exclusive sponsor of “Lung Kim Sung & Mui Suet See Chinese Opera Show”

- Offered a “Ming Chee Sing Chinese Opera Show” exclusively for Lukfook Jewellery’s customers during Lunar New Year period
- Sponsored the film “The Second Woman” starring famous movie stars Ms. Shu Qi and Mr. Shawn Yue, including location shooting at shop, product placement and its Gala Premiere title sponsored by the Group in Hong Kong in which the two maincasts enjoyed the film with Lukfook VIP members
- Organized a sumptuous dinner for Lukfook VIP members to enhance customers’ loyalty
- Established an exclusive booth to sell gold accessories in Che Kung Temple, Shatin during the Lunar New Year and continuously participated in the Wedding Expo held in the Hong Kong Convention and Exhibition Centre
- Introduced new product series in festivals including Labour Day, Mother’s Day, National Day, Christmas, Lunar New Year and Valentine’s Day, stimulating consumers’ demand through publicity programmes in order to achieve better sales results
- Collaborated with radio stations in North America and different regions in the PRC in order to enhance brand recognition and boost sales
- Sponsored the real-time Jewellery Gold Price update on all TV monitors in all branches of China Travel Service, Home Return Permit Service Centres and Bank of China Credit Card Centres in Hong Kong
- Placed billboard advertisement at MTR stations and other outdoor platforms in major cities of the PRC
- Enhanced the advertising impact by strategically placing the newly designed outdoor advertisement on the body of buses of different routes throughout Hong Kong
- Launched the new official website with a brand-new design and image, bringing a refreshing browsing experience to the users
- Launched an online game on facebook as part of the Mother’s Day promotion
- Introduced the “Lukfook Jewellery — Jewellery Gold Price Express” Smart Phone App to provide customers to up-to-date jewellery gold price
- Continued to sponsor the Gold Price Index and online advertisement on the wedding portal “wedding.esdlife.com”

- Reinforced the promotional campaigns of the “Lukfook Jewellery Official Flagship Store” on “TMALL” (a popular online shopping website in China, previously named “Taobao Mall”) to maximize the number of visit
- Promoted corporate culture, latest activities new products and promotional message of the Group on “Lukfook Jewellery official Microblog” on sina.com and QQ.com
- Placed advertisement in well-known travel guide such as “Hong Kong Guide” and “Hong Kong Map”
- Sponsored the online game hosted by 163.com
- Sponsored “The Peak of Love” event as the “Voting of the Most Wanted Wedding Gold Accessory” campaign held by ESDlife
- Sponsored the prizes and souvenirs for “The Bun Carnival 2011” held annually in Cheung Chau
- Made donation to support “Tung Wah Charity Show 2011”
- Carried out different joint promotion projects with DBS, Hang Seng Bank and the UnionPay China
- Sponsored the promotion activities jointly organized by renowned brands such as, Eu Yan Sang, Knife, P&G and Mannings

Brand Management

The Group firmly believes that sales performance, repeated purchases and customer loyalty are highly correlated to brand reputation. Through our devotion towards brand building, we aim to convey a consistent and reliable brand image and enhance brand popularity through a wide variety of promotional channels.

During the year, the Group received wide recognitions on its devotion towards quality products and services, brand building and excellent management. They included:

- “2011 Hong Kong Awards for Industries: Customer Service Award” from Hong Kong Retail Management Association
- “2011 Outstanding Quality Tourism Service Merchant Award — Merit” and “10-year QTS Merchant Recognition” from The Hong Kong Quality Tourism Services Association
- “Corporate Strategy Excellence Award 2011” from East Week Magazine
- “Judging Panel Selection — Potential Corporate Brand” in “Proud of Hong Kong Brand Enterprise 2011” jointly held by Ming Pao and the Chinese University of Hong Kong

- “Hong Kong and Macau Merchants of Integrity Award (2011/2012) Hong Kong” and “Hong Kong and Macau Merchants of Integrity Award (2011/2012) Macau” in “The 7th Hong Kong and Macau Merchants of Integrity Award” and voted as “My Favourite Top Ten Brands of Hong Kong” and “My Favourite Brands of Macau” in “Top Ten Favourite Brands in Hong Kong and Macau” by Guangzhou Daily
- “Prime Awards for the Best Brand Enterprise in Greater China 2012 (Category: Jewellery)” by metroBOX Magazine
- “Hong Kong Service Awards 2012 — Quality Living Category” and “Outstanding Honorary Award” by East Week Magazine
- “Manpower Developer” in “ERB Manpower Developer Award Scheme” hosted by the Employees Retraining Board
- “Caring Company” logo from The Hong Kong Council of Social Services
- Champion in the “Ordering Oxfam Rice (Organization Category)” in “Oxfam Rice Sale 2011”
- “Green Medalist” in “Hang Seng Pearl River Delta Environmental Awards” for 2 consecutive years organized by Federation of Hong Kong Industries and Hang Seng Bank

Production

In order to further enhance cost effectiveness and production efficiency, the Group adopted a certain degree of vertical integration approach and invested approximately RMB100,000,000 under Phase I in 2003 to set up our own jewellery processing plant, with a total site area of over 350,000 square feet in Panyu, Guangdong, the PRC. Phase II of the plant is now under construction and is expected to go into operation in first quarter of 2013. The total production capacity will be doubled upon full operation of the new plant.

Portal Operation

To continuously execute its long-term strategy, the Group had continued to run the electronic portal “www.jewellworld.com” or “www.jw28.com” to penetrate into the PRC and global jewellery markets. Being a trading platform among manufacturers, wholesalers and retailers across the globe, the portal serves as an extra promotion and distribution channel for the Group.

The portal is a channel for the Group to explore the PRC market as well as the global jewellery market. Every Internet user of the portal would become the Group’s target customer; and jewelers will view product samples and order jewellery more frequently through the website. It would not only streamline operation procedures for jewelers and leverage on the convenience and high accessibility of the Internet, but also enhance business potential and competitive advantage.

Design

Creative, attractive and stylish design of jewellery products is one of the core competencies of the Group. With our excellent and award-winning design team, the Group made over 20,000 designs in the product portfolio, which are well received by the market. Moreover, the team is keeping track on customers' tastes and the fast-changing trends. Their expertise ensures that the Group is positioned as a brand with finest products and fashionable designs.

The design team also received recognition from local and international jewellery industries in various competitions. Awards received include the following:

- “Best of Show Award” and “Merit Award” in “The 13th Hong Kong Jewellery Design Competition”
- “Winning Design of Open Group — Familial connections” in the “Chuk Kam Jewellery Design Competition 2012”

Moreover, the Group's Jewellery Design Department has attained ISO 9001:2008 Quality Management Systems — Requirements.

Quality Assurance

The Group is committed to maintaining the highest standard of product quality. Since 1996, the Group established a wholly owned subsidiary gems laboratory “China Gems Laboratory Limited”, adopting strict quality control on every product of the Group. The scope of services includes authentication, grading of diamonds, authentication of jades and coloured gemstones and quality assessment of jewellery. The Laboratory is operated by a group of experienced and certified gemologists and conducts tests on an average of over 100,000 pieces of jewellery and gemstones annually. The Laboratory passed the ISO 17025 in Jadeite Authentication and Diamond Testing and Grading accredited by the Hong Kong Accreditation Service, also met the principles of ISO 9001:2008 Quality Management Systems — Requirements, demonstrating the professional quality assurance system and the Group's devotion to quality products. China Gems Laboratory is the only subsidiary laboratory of local jewellery retailer attaining both accreditations.

In addition, the Group's jewellery processing plant in Panyu, Guangzhou, the PRC passed ISO 9001 Quality Management Systems — Requirements and ISO 14001 Environmental Management System certifications in 2008 and 2009 respectively for its international level quality assurance system and professionally recognized product quality standard.

Corporate Social Responsibility

As a responsible corporate citizen, the Group is committed to contributing to the society in support of various causes and charities and incorporating this mission into practice while developing the Group's business. During the year, the Group sponsored various charitable events. In December 2011, the Group donated HK\$1,000,000 to “Tung Wah Charity Gala 2011” held by Tung Wah Groups of Hospitals, sponsored “2010/2011 Walks for Millions” held by The Community Chest of Hong Kong and donated a diamond gem-set for the Charity

Auction 2011 held by Lifeline Express Hospital Eye-Train and successfully raised RMB428,000 for the organization. The Group shall continue to support various charity activities and encourage its staff to show their care for the community.

People's Development

The Group believes that the staff are its most valuable asset and thus provides a wide range of training programmes to foster their diligence and enhance their professionalism. During the year, the Group attained the honour of "Manpower Developer" from the Employees Retraining Board as a recognition of the Group's achievement in manpower training and development. In the near future, the Group shall continuously offer intensive training to equip its staff with the skills and to encourage them to work as a team in order to provide high-quality and consistent services.

Environmental Protection

The Group always places great emphasis on sustainable environmental development and incorporates it in every aspects of its business. The Group's jewellery processing plant in Panyu, Guangdong, the PRC attained the ISO 14001:2004 Environmental Protection System, demonstrating its effective and efficient environmentally friendly manufacturing process. On top of that, the Group received "Green Medalist" in "Hang Seng Pearl River Delta Environmental Awards" for 2 consecutive years. Environmental protection will continue to be one of the sustainability principles of the Group throughout the manufacturing process of quality products. Looking ahead, we will continue our efforts to further improve the environment awareness of our staff, customers and suppliers for a green living environment.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's core business remains as gold and jewellery retailing. On 2nd February 2012, the Company underwent placing of 46.6 million of existing shares at the price of HK\$29.25 per share, raising approximately HK\$1,340 million. As at 31st March 2012, the Group's cash on hand reached approximately HK\$1,538 million (2011: HK\$966 million). The Group's bank borrowings-to-equity ratio at the year-end, being proportion of total bank borrowings of HK\$NIL (2011: HK\$NIL) against total shareholders' equity of approximately HK\$5,596 million (2011: HK\$3,424 million), was NIL (2011: NIL).

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 approximately HK\$153 million (2011: HK\$101 million), including the costs of properties, leasehold lands, leasehold improvements, furniture, fixtures and equipments.

Capital Commitments

As at 31st March 2012, the Group had total capital commitments in terms of property, plant and equipment acquisitions valued at HK\$26 million (2011: HK\$75 million).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31st March 2012 and 31st March 2011.

Employment, Training, Development and Recruitment Remuneration Policy

As at 31st March 2012, the number of employees of the Group was approximately 3,786 (2011: 3,366). Remuneration policies were reviewed and approved by the management regularly to ensure fair rewards and compensation for our employees. Remuneration packages were structured to be comparable to the market while bonuses and other merit payments were correlated to the performances of the Group and the individual. Such reward system is to motivate employees to act in alignment with the Group's objective of business performance optimization by offering financial incentives.

OUTLOOK

Looking ahead, Year 2012 is a challenging year as the global economic conditions are now becoming more and more complex and volatile due to the debt deterioration crisis in Euro zone. This Year is also an Election Year of major economic giants, which may add uncertainty to the global economic outlook. However, the Group believes that China economy will still has a stable and healthy growth with stimulation on consumption and construction.

The Group therefore remain prudently optimistic to its business growth and outlook. The demand for luxury and jewellery products, particularly from tourists from Mainland China, has remained robust due to wealth effect deriving from stable economic growth in Greater China, increasing disposable income and urbanization, giving a strong support to retail sales market. The Group will continue to further strengthen its brand awareness and recognition by various intensive and effective marketing campaigns so as to enhance its brand penetration in the market.

In Hong Kong, the Group will continue to closely monitor the changes in operating environment, especially high local retail rental. As seen from recent transactions, the upward pressure on retail rental has been less than that of previous months. The Group will continue to take stringent cost control measures and maintain the rental at a reasonable level. The Group will also strategically expand its local footprints subject to economic environment and opportunities.

Facing the huge potential of the PRC market, the Group's approach on retail outlet expansion is aggressive yet prudent. The Group will continue to expand its retail outlets in cities with lower brand penetration and explore various market opportunities so as to increase its market share. Meanwhile, the Group will also diversify its jewellery product range with elegant designs and the highest quality to retain current customers and attract new customers.

The Group is confident of its development with the support of its healthy balance sheet and strong cash flows. The Group will continue to implement its strategy with a steadfast and prudent approach to actively respond to market challenges and opportunities. In addition to consolidating its existing strengths, the Group will also continue to enhance its competitiveness to strengthen its leading position in the international jewellery retail market.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company for the Annual General Meeting will be closed from 20th August 2012 to 22nd August 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the Annual General Meeting to be held on 22nd August 2012, 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 4:30 p.m. on 17th August 2012.

The Register of Members of the Company for the final dividend will also be closed on 28th August 2012 and no transfer of shares will be registered on that day. 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 4:30 p.m. on 27th August 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code on Corporate Governance Practices as set out in the Listing Rules.

AUDIT COMMITTEE

In compliance with paragraph 14 of the Code of Best Practice (applicable before 1st January 2005), 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. Since 1st April 2011, the audit committee has held several meetings to consider matters including the 2011 annual report of the Company, internal controls, the unaudited interim condensed consolidated financial information for the six months ended 30th September 2011, the 2012 annual report of the Company and the Group's IT control environment.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31st March 2012. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st March 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC HK"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC HK in this respect did not constitute an assurance engagement in accordance with Hong

Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

REMUNERATION COMMITTEE

In compliance with the Code, the Board on 7th April 2005 established a Remuneration Committee comprising three independent non-executive directors and two executive directors. In June and November 2011, the Remuneration Committee held two meetings to review the policies for determining annual salary increments for the calendar year 2012, to approve the payment of the discretionary year end bonus for 2011 and an incentive bonus scheme for all non-sales employees working at the Head Office, to review the employee turnover statistics and underlying causes for abnormal turnover and consider the proposed remedies to improve the situation.

MODEL CODE ON SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, it is confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions in relation to the year ended 31st March 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Save as disclosed in note 10 to this annual results announcement, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Latest Listed Companies Information" and the Company at www.lukfook.com under the section of "About Lukfook Investor Relations/Announcements and Notices" respectively. The annual report of the Company for the year ended 31st March 2012 will be dispatched to the shareholders on 19th July 2012 and published on the websites of the HKEX and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude and appreciation to all of my staff, shareholders and business partners for their hard work and dedication. I also wish to thank our customers for their continuous support all these years. The Group will endeavor to strive for the best in the future to develop Lukfook into an international brand.

By Order of the Board
WONG Wai Sheung
Chief Executive

27th June 2012

As at the date of this Announcement, the Company's executive directors are Mr. WONG Wai Sheung (Chief Executive), Mr. TSE Moon Chuen, Mr. LAW Tim Fuk, Paul, Mr. WONG Ho Lung, Danny, Miss WONG Lan Sze, Nancy, Miss. WONG Hau Yeung and Miss. CHUNG Vai Ping; the non-executive directors are Mr. WONG Koon Cheung, Mr. CHAN Wai, Miss. YEUNG Po Ling, Pauline, Mr. HUI King Wai, Mr. HUI Chiu Chung, JP and Mr. LI Hon Hung, MH, JP; the independent non-executive directors are Mr. LO Mun Lam, Raymond (Chairman), Mr. TAI Kwok Leung, Alexander and Mr. IP Shu Kwan, Stephen, GBS, JP.