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## **LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED**

**(六福集團(國際)有限公司)**

*(Incorporated in Bermuda with limited liability)*

### **CONNECTED TRANSACTION**

On 19th December, 2000 Luk Fook HK entered into the Tenancy Agreement with Mr. Wong for leasing the Property, as a renewal of an existing tenancy agreement which will expire on 31st December, 2000.

The Directors (including the independent non-executive directors) are of the view that the Tenancy Agreement is on normal commercial terms entered into on arm's length basis, in the ordinary and usual course of business of the Group, and fair and reasonable so far as the independent shareholders of the Company are concerned. It is in the interest of the Group to enter into the transaction.

The entering into of the Tenancy Agreement constitutes a connected transaction for the Company which is of de minimis nature under the Listing Rules. For compliance of the Listing Rules, the Company is required to make this announcement.

# TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

Dated: 19th December, 2000.

Tenant: Luk Fook Jewellery & Goldsmith (HK) Company Limited ("Luk Fook HK"), a company incorporated in Hong Kong and wholly owned by Luk Fook Holdings (International) Limited (the "Company").

Landlord: Mr. Wong Kwai Sang ("Mr. Wong"), father of the Company's chairman.

Property: Portion A-1 on Ground Floor, On Lee Building, Nos. 41-53 Fung Tak Road and Nos. 9-15 Fei Fung Street, Wong Tai Sin, Kowloon, Hong Kong (the "Property").

Saleable Area: Approximately 909 square feet.

Cash Rental: HK\$180,000 per month exclusive of rates, management fees and other outgoings. The annual rental for the Property amounts to HK\$2,160,000.

Term: Two years from 1st January, 2001 to 31st December, 2002.

The monthly rental of the Property includes a premium of HK\$40,000 over the valuation of HK\$140,000 determined with reference to the open market rent as valued by DTZ Debenham Tie Leung Limited, an independent valuer. The Tenancy Agreement is a renewal of an existing tenancy agreement which will expire on 31st December, 2000.

The directors (including the independent non-executive directors) of the Company (the "Directors") consider that the premium of HK\$40,000 per month is justified because:

1. the Property is located at a unique site in the district concerned, it can accommodate a large and prominent signboard at the shop front;
2. the existing shop operated by the Group has successfully accumulated a substantial valuable customer base over the past few years, which would not be available in the nearby area; and
3. the relocation of the shop to another site would involve extra costs far more than the total premiums of HK\$960,000 payable during the lease term.

## **CONNECTED PERSON**

Mr. Wong is regarded as a connected person under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

## **REASON FOR THE TENANCY AGREEMENT**

The Group has operated a jewellery retail shop (the "Retail Shop") on the Property since 1st July, 1996, which achieved satisfactory business results during the past few years. In order to keep on operating the Retail Shop, the Group has to continue leasing the Property.

## **DIRECTORS' VIEW**

Having taken into account the factors and reasons set out above, the Directors (including the independent non-executive directors) are of the view that the Tenancy Agreement is on normal commercial terms entered into on arm's length basis, in the ordinary and usual course of business of the Group, and fair and reasonable so far as the independent shareholders of the Company are concerned. It is in the interest of the Group to enter into the transaction.

## **GENERAL**

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the retailing and wholesaling of gold jewellery and gold ornaments, gem-set jewellery and gemstones, and other accessory items.

The entering into of the Tenancy Agreement constitutes a connected transaction for the Company together with its subsidiaries (the "Group"). This announcement is made by the Company in compliance with the normal disclosure requirements of Rule 14.25(1) of the Listing Rules. The transaction is of de minimis nature under the Listing Rules. The Company will also include the details of this transaction in its next published annual report and accounts.

By Order of the Board  
**Luk Fook Holdings (International) Limited**  
**Wong Wai Sheung**  
*Chairman*

Hong Kong, 29th December, 2000

"Please also refer to the published version of this announcement in the Hong Kong i-mail"