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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

Property Acquisition

On 18th January, 2001, MFD entered into the Sale and Purchase Agreement with KKC for acquiring the Property.

The Directors including the independent non-executive directors are of the view that the Sale and Purchase 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 Sale and Purchase Agreement constitutes a connected transaction for the Company under Rule 14.25(1) of the Listing Rules. For compliance of the Listing Rules, the Company is required to make this announcement. Details of the transaction will be disclosed in the Company's next published annual report and accounts.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

- Date: 18th January, 2001
- Purchaser: Max Forum Development Limited ("MFD"), a company incorporated in Hong Kong and wholly owned by Luk Fook Holdings (International) Limited (the "Company")
- Vendor: Kwai Kee Cheung Jewellery & Goldsmith Company Limited ("KKC"), a company incorporated in Hong Kong
- Property: Flat 3 on 10th Floor, Hong Kiu Mansion, No. 313 Nathan Road, Jordan, Kowloon, Hong Kong (the "Property")
- Purchase Price: HK\$1,200,000 payable in cash (HK\$120,000 upon signing of the Sale and Purchase Agreement and HK\$1,080,000 upon completion of the transaction)
- Completion: Within 3 months from 18th January, 2001

The Property comprises a domestic unit on the 10th Floor of a 16-storey plus basement composite building completed in 1964. The Property has a gross floor area of approximately 483 sq. ft., it is free from all charges and is currently vacant.

The cash price of HK\$1,200,000 was determined by reference to the open market value as at 10th January, 2001 as appraised by DTZ Debenham Tie Leung Limited, an independent valuer.

CONNECTED PERSON

Mr. Wong Wai Sheung, Chairman of the Company, and his family are discretionary beneficiaries of the Wong's family Trust (the "Trust"). The Trust is the beneficial owner of the entire issued share capital of KKC. Therefore, KKC 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 PROPERTY ACQUISITION

The Group is operating a jewellery retail shop (the "Retail Shop") on the ground floor of the same building where the Property is situated, which achieved satisfactory business results during the past few years. In order to facilitate its business operations, the Retail Shop used to rent, from a third party, one room of approximately 150 square feet inside a unit on the 12th floor of the same building for storing its accessories, packing materials and accounting records. The monthly rental was HK\$4,000 and the tenancy was expired in February, 2000. Since then, the stored items were relocated to other retail shops. With a view to further enhancing the business operations of the Retail Shop, and to eliminate the need for renting a room, the Group has decided to acquire the Property with a larger area for use as a store room and a staff quarter.

DIRECTORS' VIEW

Having taken into account the factors and reasons set out above, the directors including the independent non-executive directors of the Company (the "Directors") are of the view that the Sale and Purchase Agreement is on normal commercial terms entered into on arm's length basis, in the ordinary and usual course of business of the Company together with its subsidiaries (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 Sale and Purchase Agreement constitutes a connected transaction for the Company. This announcement is made by the Company in compliance with the normal disclosure requirements of Rule 14.25(1) of 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, 2nd February, 2001

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