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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)

Website: <http://www.lukfook.com.hk>, <http://www.irasia.com/listco/hk/lukfook>

CONNECTED TRANSACTION

On 23rd December, 2002 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, 2002.

The Directors (including the independent non-executive directors of the Company) 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 Rule 14.25(1) the Listing Rules. For compliance with the Listing Rules, the Company is required to make this announcement and disclosure in annual reports and accounts.

TENANCY AGREEMENT

The principal terms of the Tenancy Agreement are as follows:

- Dated: 23rd December, 2002
- 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 925 square feet.
- Cash Rental: HK\$120,000 per month exclusive of rates, management fees and other outgoings. The annual rental for the Property amounts to HK\$1,440,000.
- Term: One year from 1st January, 2003 to 31st December, 2003.

The monthly rental of HK\$120,000 was determined with reference to the open market rent as valued by David C Lee Surveyors Limited, an independent valuer who is not connected with any of the directors and chief executive of the Company or any of its subsidiaries. The Tenancy Agreement is a renewal of an existing tenancy agreement expiring on 31st December, 2002 which was previously disclosed in a press announcement and annual reports of the Company.

CONNECTED PERSON

Mr. Wong, being the father the Company's chairman, 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").

CONNECTED TRANSACTIONS

Similar to the existing tenancy, the Tenancy Agreement is regarded as a series of connected transactions under the Listing Rules. Pursuant to Rule 14.25(1) of the Listing Rules, the Company is required to disclose by way of a press announcement and in the annual reports and accounts of the brief details of the transactions.

REASON FOR THE TENANCY AGREEMENT

The Group has operated a jewellery retail shop (the "Retail Shop") on the Property since 1st July, 1996, which has successfully accumulated a substantial valuable customer base over the past few years and 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 of the Company) 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, 31st December, 2002

"Please also refer to the published version of this announcement in The Standard"