

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

On 30th December, 2003 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 2003.

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) of 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, which are same as that of the existing tenancy save the designated dates, are as follows:

- Dated: 30th December 2003.
- 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\$120,000 per month, payable at the beginning of the 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 2004 to 31st December 2004.

The monthly rental includes a premium of HK\$25,000 over the valuation of HK\$95,000, as at 14th November 2003, determined with reference to the open market rent as valued by FPD Savills (Hong Kong) Limited, an independent valuer who is not connected with any of the directors and chief executive of the Company or any of its subsidiaries and any of their respective associates. The Tenancy Agreement is a renewal of an existing tenancy agreement expiring on 31st December 2003 which was previously disclosed in a press announcement and annual reports of the Company.

The directors (including the independent non-executive directors) of the Company (the “Directors”) consider that the premium of HK\$25,000 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 retail shop front and the Directors could not find other alternative premises in that district;
2. the existing retail 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;
3. the relocation of the retail shop to another site would involve extra costs far more than the total premiums of HK\$300,000 payable during the lease term; and
4. the relaxation of the travel restrictions by the PRC Government, the launching of the RMB credit card and debit card in Hong Kong and RMB being freely convertible next year, the spending power of PRC tourists is expected to enhance the retail business growth in Hong Kong and would benefit the Company as a whole.

CONNECTED PERSON

Mr. Wong, being the father the Company’s chairman, together with a registered shareholding of about 0.03% of the issued shares of the Company, 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, 2003

“Please also refer to the published version of this announcement in The Standard”.