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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 590)**

### **CONTINUING CONNECTED TRANSACTION**

On 8th March 2006 Luk Fook HK entered into the Tenancy Agreement with Mr. Wong for leasing the Property, as a renewal of the tenancy agreement expired on 31st December 2005.

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 and the shareholders of the Company to enter into the transaction.

The entering into of the Tenancy Agreement constitutes continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules, which are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempt from the independent shareholders' approval requirements. For compliance with such 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: 8th March 2006
- 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 Mr. Wong Wai Sheung who is the Company's Director & Chief Executive.
- 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\$150,000 per month, payable at the beginning of the month exclusive of rates, management fees and other outgoings totaling approximately HK\$9,000 per month. The cap of the annual rental together with rates, management fees and other outgoings for the Property is not more than HK\$2,000,000.

**Term:** One year from 1st January 2006 to 31st December 2006.

The monthly rental remains the same as that of the previous tenancy agreement and approximates to HK\$155,000 determined with reference to the open market rent at 31st December 2005 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 and any of their respective associates. The Tenancy Agreement is a renewal of the tenancy agreement expired on 31st December 2005 which was dated 13th January 2005 previously disclosed in a press announcement dated 20th January 2005 and annual reports of the Company for the year ended 31st March 2005.

### **CONNECTED PERSON**

Mr. Wong, being the father the Company's Director & Chief Executive, 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").

### **CONTINUING CONNECTED TRANSACTIONS**

Similar to the previous tenancy agreement, the Tenancy Agreement is regarded as a series of continuing connected transactions under the Listing Rules. Pursuant to Rule 14A.34 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, based on the valuation of David C Lee Surveyors Limited 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. The Directors also consider that the Tenancy Agreement is of terms no less favourable to the Group than those available from independent third parties. It is in the interest of the Group and the shareholders of the Company 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 continuing connected transactions for the Company together with its subsidiaries (the “Group”), which are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and are exempt from the independent shareholders’ approval requirements. This announcement is made by the Company in compliance with such Listing Rules. The Company will also include the details of this transaction in its next published annual report and accounts. The Directors are not aware of any other continuing connected transactions entered between the Group and Mr. Wong besides the one as disclosed in this announcement.

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 and Mr. LAU Kwok Sum; the non-executive directors are Mr. WONG Koon Cheung, CHAN Wai, LEE Shu Kuan, Ms. YEUNG Po Ling, Pauline and Mr. HUI King Wai; the independent non-executive directors are Mr. HUI Chiu Chung, Mr. CHIU Wai Mo, and Mr. LO Mun Lam, Raymond (Chairman).

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

Hong Kong, 13th March 2006

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