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LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 590)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

On 27th July 2004 the Vendor entered into the Provisional Sale & Purchase Agreement with the Purchaser for the Disposal of the Property.

The Directors believe that the terms of the disposal of the Property are fair and reasonable and in the interests of the Shareholders as a whole.

The disposal of the Property constitutes a discloseable transaction for the Company under the Listing Rules. The circular containing further information on the transaction will be dispatched to the Shareholders as soon as practicable.

PROVISIONAL SALE & PURCHASE AGREEMENT

On 27th July 2004, the Provisional Sale & Purchase Agreement was entered into between the Vendor and the Purchaser, whereby the Vendor has agreed to sell, the Purchaser has agreed to purchase, the Property at a consideration of HK\$42,000,000.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties, and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules). The principal activity of the Purchaser is property investment.

The Property

The Property was acquired by the Vendor in 1999 at a consideration of HK\$27,000,000 and has been occupied by the Group as a jewellery retail shop since then. The approximate saleable area of the Property is 2,119 square feet.

Consideration

The consideration for the sale and purchase of the Property is HK\$42,000,000 payable by the Purchaser in cash (HK\$1,000,000 on 27th July 2004, HK\$3,200,000 on or before 17th August 2004 and HK\$37,800,000 on or before completion of the transaction). The consideration was determined after arm's length negotiations between the parties to the Provisional Sale & Purchase Agreement by reference to the open market value of HK\$36,000,000 as at 26th July 2004 as appraised by FPD Savills (Hong Kong) Limited, an independent valuer who is not a connected person (as defined in the Listing Rules) of the Company.

Completion

The Formal Sale & Purchase Agreement shall be signed on or before 17th August 2004 and the completion of the sale and purchase of the Property shall take place on or before 28th September 2004.

LEASE BACK ARRANGEMENT

The Provisional Sale & Purchase Agreement provides that the Vendor shall procure the Tenant to execute a tenancy agreement in escrow with the Purchaser (as landlord) in respect of the Property on or before the Completion Date. The tenancy shall be for a period of three (3) years from the Completion Date at a rental of HK\$210,000 per month (exclusive of rates, management fees and other outgoings and inclusive of government rent). The Tenant has an option to renew a further term of three (3) years at market rent. The rental was determined after arm's length negotiations between the Group and the Purchaser by reference to the prevailing market rentals of similar properties in the same vicinity.

REASONS AND BENEFITS FOR THE TRANSACTION

The Group has held the Property for operating the Retail Shop since 1999, which has successfully accumulated a substantial valuable customer base over the past few years and achieved satisfactory business results during the past few years. The net book value of the Property as shown in the Group's audited accounts for the year ended 31st March 2004 amounted to approximately HK\$25,500,000. Upon the disposal of the Property, the Group will realize a gain of approximately HK\$16,500,000 net of expenses, which will be recognized in the Group's income statement. In view of the recent surge in market prices of retail shop properties and the expected downward adjustment to these prices in the near future, the Company considers it the right time to dispose of the Property at a good price in order to generate additional working capital to cater for expansion of the Group's manufacturing and wholesale operations, and to reinforce its financial position, while the Group can continue to occupy the Property and operate the Retail Shop by the sale and lease back arrangement. Having taken into account the factors and reasons set out herein, the Directors believe that the terms of disposal of the Property are fair and reasonable and in the interests of the Shareholders as a whole.

GENERAL

The asset ratio and the consideration ratio for this transaction are each over 5% and below 25%. As a result, the disposal of the Property constitutes a discloseable transaction under the Listing Rules. The circular containing further information on the transaction will be dispatched to the Shareholders as soon as practicable.

The principal activity of the Company is investment holding and 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.

DEFINITIONS

“Board”	The board of directors of the Company
“Completion Date”	The date on which the sale and purchase of the Property between the Vendor and the Purchaser is completed
“Company”	Luk Fook Holdings (International) Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange
“Directors”	The directors of the Company
“Group”	The Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Kasen Development Limited, a company incorporated in Hong Kong, an independent third party introduced by a commissionable property agent
“Property”	Shops 1 & 2, on Ground Floor, Ming Yuen Centre, Nos. 400-404 King’s Road, Nos. 4A/4B, 6A/6B & 6C Ming Yuen Western Street, Hong Kong
“Retail Shop”	The jewellery retail shop operated on the Property by the Group
“Shareholders”	The shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Cheer Hope Investment Limited a company incorporated in Hong Kong and wholly owned by the Company
“Vendor”	Max Forum Development Limited, a company incorporated in Hong Kong and wholly owned by the Company

As at the date of this announcement, the Company’s executive directors included Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. LAW Tim Fuk, Paul, Mr. POON Kam Chi, Mr. LAU Kwok Sum and the non-executive directors included Mr. WONG Koon Cheung, Mr. CHAN Wai, Mr. LEE Shu Kuan, Ms. YEUNG Po Ling, Pauline, Mr. HUI Chiu Chung, Mr. CHIU Wai Mo and Mr. HUI King Wai.

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

Hong Kong, 3rd August 2004

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