



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 590)

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

On 23rd December 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 23rd December 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\$46,800,000.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability whose registered shareholders are Mr. Lin Ken and Mr. Chow Man Chun, 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 Purchaser's principal activity is property investment and it was introduced to the Vendor by K & W Property Consultancy Ltd., a commissionable property agent.

The Property

The Property is a 14-storey commercial building (plus a cockloft) completed in 1985 with a total gross floor area of approximately 16,000 square feet. It has been left vacant and unused since it was acquired by the Vendor in June 2004.

Consideration

The consideration for the sale and purchase of the Property is HK\$46,800,000 payable by the purchaser in cash (HK\$1,000,000 on 23rd December 2004, HK\$3,680,000 on or before 16th January 2005 and HK\$42,120,000 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\$45,000,000 as at 15th December 2004 as appraised by Vigers Appraisal & Consulting 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 16th January 2005 and the completion of the sale and purchase of the Property shall take place on or before 31st March 2005.

REASONS AND BENEFITS FOR THE TRANSACTION

The Group acquired the Property in June 2004 at a consideration of HK\$36,000,000 with the intention to use it as the head office building to accommodate its existing office operations located at Sino Centre in Mongkok, Kowloon. However, owing to the expansion of the Group's business since June 2004 which resulted in the increase of office manpower by approximately 20%, the total saleable area of the Property has become quite insufficient for the intended use. In order to cope with the increase in manpower both in the past few months and in the future, the Group has in December 2004 rented a new office space with a total gross floor area of approximately 26,000 square feet located at the BEA Tower in Kwun Tong, Kowloon. The rental period for the new office is thirty-nine and half months starting 20th December 2004, and the effective monthly rental and other charges will amount to approximately HK\$490,000. Accordingly, the Group will have an increase in office rental and other charges by approximately HK\$2,300,000 per annum as compared with that of the existing office at Sino Centre. In view of the prevailing favourable property market conditions, the Company considers it the right time to dispose of the Property at a good price to generate additional working capital for the Group. The net book value of the Property as shown in the Group's unaudited accounts for the six months ended 30th September 2004 amounted to approximately HK\$38,000,000 comprising the purchase consideration and incidental outlays. Upon the disposal of the Property, the Group will realize a gain of approximately HK\$8,400,000 net of expenses, which will be recognized in the Group's income statement. 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 for this transaction is 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"	Gold Standard Holdings Limited, a company incorporated in Hong Kong
"Property"	The whole block of commercial building situated at No. 749A Nathan Road, Kowloon, Hong Kong
"Shareholders"	The shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Dragon Kind 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 are Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. LAW Tim Fuk, Paul, Mr. POON Kam Chi and Mr. LAU Kwok Sum; the non-executive directors are Mr. WONG Koon Cheung, Mr. CHAN Wai, Mr. LEE Shu Kuan, Ms. YUENG 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.

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