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king fook holdings limited 景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

(the “Company”)

Tenancy agreement Continuing connected transaction

The Tenant’s offer letter dated 27th March, 2006 in respect of a tenancy agreement was accepted by the Landlord (a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited, a substantial shareholder of the Company and whose shares are listed on the Main Board of the Stock Exchange) on 30th March, 2006.

The transaction under the Tenancy Agreement constitutes a continuing connected transaction of the Company under the Listing Rules. Such transaction, annual consideration of which when aggregated with the Existing Tenancy Agreement (which was disclosed in the announcement of the Company dated 24th July, 2003), is subject to reporting, announcement and annual review requirements under the Listing Rules but is not subject to the approval of the independent shareholders of the Company pursuant to Rule 14A.34 of the Listing Rules.

OFFER LETTER DATED 27TH MARCH, 2006 (the “OFFER LETTER”)

Parties:

Landlord: Contender Limited (the “Landlord”), through Henderson Real Estate Agency Limited (“Henderson”) as its agent.

Tenant: Top Angel Limited (the “Tenant”), a wholly owned subsidiary of the Company.

The Offer Letter was accepted by Henderson on behalf of the Landlord on 30th March, 2006. Henderson is a wholly owned subsidiary of Henderson Land Development Company Limited, a company whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The transaction:

Pursuant to the Offer Letter, the parties agreed to enter into a tenancy agreement (the “Tenancy Agreement”) relating to Shops 1B1 and 1B2, 1st Basement Level, Hotel Miramar Shopping Arcade, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong (the “Property”).

The main terms of the Tenancy Agreement are as follows:

Area (Sq.ft)	Rental per month	Rent-free period	Term
15,781	HK\$473,430	Initial 2 months	3 years from delivery of vacant possession of the Property by the Landlord to the Tenant (with an option for the Tenant to renew for 2 years at market rent)

The monthly rental stated above is exclusive of rates, management fees, air-conditioning charges and promotion contribution fees. Other fees/charges payable by the Tenant to the Landlord includes:

	<i>Amount (HK\$)</i>
Vetting fee on decoration plans	15,781
Monthly management fees and air-conditioning charges (subject to adjustment)	87,742.36
Monthly promotion contribution fees	4,734.30

The annual rental, management fees, air-conditioning charges and promotion contribution fees (payments to be made in advance of each calendar month) and vetting fee on decoration plans (expected to be an one-off payment to be made at the beginning of the term of tenancy) payable to the Landlord under the Tenancy Agreement for the year ending 31st March, 2007 (with payment of vetting fee for decoration plans) and each of the two years ending 31st March, 2009 (without payment of vetting fee for decoration plans) will be HK\$5,859,800.92 and HK\$6,790,879.92 respectively.

The terms of the Offer Letter were arrived at after arm's length negotiations between the Tenant and Henderson on behalf of the Landlord and with reference to an independent valuation made by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"). The Valuer and its ultimate beneficial owner are independent of the Company and its connected persons (as defined in the Listing Rules). The Valuer has valued the market rent of the Property at HK\$480,000 per month as at 9th March, 2006.

The directors of the Company (including the independent non-executive directors) consider that the terms of the Offer Letter are fair and reasonable as far as the Company and its shareholders as a whole.

The Company will comply with the relevant Listing Rules requirements in the event of renewal of the Tenancy Agreement.

SUBSISTING TENANCY AGREEMENT

There is a subsisting tenancy agreement between the Landlord and King Fook Jewellery Group Limited, a wholly owned subsidiary of the Company, in respect of other shop premises in Hotel Miramar Shopping Arcade (the "Existing Tenancy Agreement"), which was announced by the Company on 24th July, 2003. The main terms of the Existing Tenancy Agreement are as follows:

Term:	3 years from 16th July, 2003 to 15th July, 2006
Monthly rental:	HK\$897,290 (exclusive of rates, management fees, air-conditioning charges and promotion contribution fees).
Monthly management fees and air-conditioning charges (subject to adjustment):	HK\$61,867
Monthly promotion contribution fees:	HK\$8,972.90

On the assumption that the Tenancy Agreement will commence on 1st April, 2006 (being the soonest possible time for commencement of the Tenancy Agreement), the respective terms of the Tenancy Agreement and the Existing Tenancy Agreement will overlap for the period from 1st April, 2006 to 15th July, 2006. On this basis, the annual consideration payable to the Landlord under the Tenancy Agreement and the Existing Tenancy Agreement for the year ending 31st March, 2007 when aggregated pursuant to Rule 14A.27 of the Listing Rules, will be HK\$9,248,255.57. The Company will comply with the relevant Listing Rules requirements in the event of renewal of the Existing Tenancy Agreement.

REASONS FOR THE TRANSACTION

The Company intends to use the Property as a deluxe style fashion outlet to expand its business activities.

CONNECTION BETWEEN THE PARTIES

The Landlord is a wholly owned subsidiary of Miramar Hotel and Investment Company, Limited, a substantial shareholder of the Company holding approximately 13.66% of the issued share capital of the Company and a company whose shares are listed on the Main Board of the Stock Exchange.

INFORMATION FOR SHAREHOLDERS

The Company and its subsidiaries are principally engaged in retailing of gold ornaments, jewellery, watches and gifts, trading of bullion, wholesaling of diamond and securities broking in Hong Kong.

The Landlord is principally engaged in property investment.

For the Company, the Tenancy Agreement will be a continuing connected transaction under the Listing Rules. As the total annual consideration payable to the Landlord under the Tenancy Agreement and the Existing Tenancy Agreement is less than HK\$10 million and each of the percentage ratio under the Listing Rules (other than the profits ratio) is more than 2.5% but less than 25%, the Tenancy Agreement is subject to reporting, announcement and annual review requirements under the Listing Rules but is not subject to the approval of the independent shareholders of the Company pursuant to Rule 14A.34 of the Listing Rules.

By Order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 30th March, 2006

As at the date of this announcement, the executive directors of the Company are Mr. Yeung Ping Leung, Howard, Mr. Tang Yat Sun, Richard, Mr. Cheng Ka On, Dominic, Mr. Yeung Bing Kwong, Kenneth and Ms. Fung Chung Yee, Caroline, the non-executive directors are Dr. Sin Wai Kin, Mr. Wong Wei Ping, Martin and Mr. Ho Hau Hay, Hamilton and the independent non-executive directors are Mr. Cheng Kwai Yin, Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter and Mr. Chan Chak Cheung, William.