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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)

INCREASE OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS RELATING TO TENANCIES

The annual caps in respect of the KF Tenancy Agreements have been revised as a result of the increase of monthly management fees and air-conditioning charges thereunder. These agreements are continuing connected transactions of the Company exempt from independent Shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

Reference is made to the announcement of the Company dated 8th July, 2011 (the "Announcement"). Terms used herein shall have the same meanings as defined in the Announcement.

The Company announces that it has received notices from the Landlord that with effect from 1st April, 2012, the monthly management fees and air-conditioning charges per square foot payable under the Tenancy Agreements and a tenancy agreement dated 30th December, 2011 in respect of 7th Floor, King Fook Building, 30-32 Des Voeux Road Central, Hong Kong (for a term of 20.5 months from 1st December, 2011 to 15th August, 2013 at the monthly rent of HK\$34,020, exclusive of management fees and air-conditioning charges and rates) (together the "KF Tenancy Agreements") would increase from HK\$4.5 to HK\$7 due to the accumulative effect of inflation on the building maintenance and labour costs in the last few years. Accordingly the total management fees and air-conditioning charges payable to the Landlord under the KF Tenancy Agreements per month has increased from HK\$60,480 to HK\$94,080 from 1st April, 2012.

As mentioned in the Announcement, the management fees and air-conditioning charges are payable to the Landlord and may be revised by the Landlord from time to time. The Company has been informed by the Landlord that (i) the same rates of management fees and air-conditioning charges are payable by all other tenants of King Fook Building; and (ii) the rates of the management fees and air-conditioning charges are determined with reference to the prevailing market rates of comparable buildings from time to time.

CONNECTION BETWEEN THE PARTIES

The Landlord is a wholly owned subsidiary of YCS, a substantial Shareholder holding about 46.01% of the issued share capital of the Company. Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth (both executive Directors), together with other members of their family, control the management of YCS. None of the Directors holds any controlling beneficial interest in the share capital of YCS. Mr. Yeung Ping Leung, Howard and Mr. Yeung Bing Kwong, Kenneth had abstained from voting on the board resolution approving the increase in the annual caps mentioned below.

CAPS

As a result of the increase of monthly management fees and air-conditioning charges above-mentioned, the Directors have resolved to revise the annual caps for the KF Tenancy Agreements for the two years ending 31st March, 2014 correspondingly. The revised annual caps for the KF Tenancy Agreements, and the annual caps for the Licence Agreement and the Other Transaction respectively for the two years ending 31st March, 2014 set by the Company pursuant to Rule 14A.35(2) of the Listing Rules are as follows:

	For the year ending 31st March	
	2013	2014
	(HK\$)	(HK\$)
KF Tenancy Agreements	11,140,572	4,279,321
Licence Agreement	305,760	114,249
Other Transaction	300,000	-
Total	<u>11,746,332</u>	<u>4,393,570</u>

The caps for the KF Tenancy Agreements are arrived at with reference to terms of such agreements, taking into account an estimated possible annual increase of 20% in management fees and air-conditioning charges under the KF Tenancy Agreements in each of the two years ending 31st March, 2014 respectively. The caps for the Licence Agreement and the Other Transaction are the same as those stated in the Announcement.

The Directors (including its independent non-executive Directors) consider the caps for the KF Tenancy Agreements are fair and reasonable.

LISTING RULES REQUIREMENTS

The KF Tenancy Agreements are continuing connected transactions of the Company exempt from independent Shareholders' approval requirement pursuant to Rule 14A.34 of the Listing Rules.

INFORMATION FOR SHAREHOLDERS

The Group is principally engaged in retailing of gold ornaments, jewellery, watches and gifts, trading of bullion, wholesaling of diamond and securities broking.

The Landlord is principally engaged in property investment.

By Order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 30th April, 2012

As at the date of this announcement, the executive Directors 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 Mr. Wong Wei Ping, Martin, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Yeung Ka Shing; and the independent non-executive Directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter and Mr. Chan Chak Cheung, William.