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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)

Further announcement on the continuing connected transactions relating to tenancy and licence

An offer letter dated 2nd August, 2006 in relation to the renewal of the tenancy for Property 1 and an offer letter dated 3rd August, 2006 in relation to a licence agreement for the Advertising Signboards issued by the Group were accepted by the agent on behalf of the Landlord (a wholly owned subsidiary of Miramar, which is a substantial shareholder of the Company whose shares are listed on the Main Board of the Stock Exchange) on 5th September, 2006. The Transactions, which constitute continuing connected transactions under the Listing Rules, were approved by the Independent Shareholders on 16th June, 2006.

The Company refers to its announcement dated 3rd May, 2006 and its circular dated 30th May, 2006 in relation to, inter alia, certain proposed tenancies and licence agreement which constitute continuing connected transactions of the Company and announces that pursuant to the approval of the Independent Shareholders given on 16th June, 2006, the Group issued an offer letter dated 2nd August, 2006 in relation to renewal of the tenancy for Property 1 and an offer letter dated 3rd August, 2006 in relation to a licence agreement for the Advertising Signboards, and Henderson, the agent of the Landlord, accepted the offers on behalf of the Landlord on 5th September, 2006. Details of the Transactions are set out below.

THE TENANCY

KF Jewellery, a wholly owned subsidiary of the Company, has agreed to renew its tenancy with the Landlord in respect of Property 1. The main terms of the renewed tenancy are as follows:

Area (sq.ft.)	Monthly rent	Term
11,348	\$1,100,000.00	3 years from 16th July, 2006 to 15th July, 2009

The above monthly rent is exclusive of rates, management fees, air-conditioning charges and promotion contribution fees. Other fees/charges payable to the Landlord monthly are as follows:

	Amount (\$)
Management fees and air-conditioning charges (subject to adjustment)	61,867.40
Promotion contribution fees (being 1% of the monthly rent and is subject to adjustment)	11,000.00

The total rent, management fees, air-conditioning charges and promotion contribution fees (as stated above) in respect of Property 1 payable to the Landlord in cash under the Tenancy is \$14,074,408.80 per year, which is less than the annual cap in the sum of \$16,200,000.00 as set out in the Circular and approved by the Independent Shareholders on 16th June, 2006.

KF Jewellery agrees to renew the tenancy in respect of Property 1 in order to continue to use such property as its key retail outlet for gold ornaments, jewellery, watches and gifts.

THE LICENCE

Top Angel has also agreed to enter into a licence agreement with the Landlord to use the Advertising Signboards for exhibiting advertisements. The main terms of the licence agreement (which are the same as those disclosed in the Circular) are as follows:

Area	Monthly licence fee	Term
50 ft. x 25 ft. for each signboard	\$40,000.00	3 years from 14th August, 2006

The monthly licence fee is exclusive of rates and electricity charges. The total licence fee payable to the Landlord in cash during the term of the Licence is \$480,000.00 per year, which equals to the annual cap in the sum of \$480,000.00 as set out in the Circular and approved by the Independent Shareholders on 16th June, 2006.

DETERMINATION OF THE TERMS OF THE TRANSACTIONS

The terms of the Transactions were arrived at after arm's length negotiations between the Group and Henderson on behalf of the Landlord.

The rent under the Tenancy is lower than the market rent of Property 1 as at 1st August, 2006 valued by 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 Group has made reference to the terms of posting of its advertisements in other places/media in the negotiation of the terms of the Licence with the Landlord.

The Directors (including the independent non-executive Directors) consider that the terms of the Transactions are fair and reasonable and in the interest of the Company and its shareholders as a whole.

CONNECTION BETWEEN THE PARTIES

The Landlord is principally engaged in property investment. It is a wholly owned subsidiary of Miramar, 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. Henderson is not a connected person of the Company (as defined in the Listing Rules). To the best of the Directors' knowledge, Henderson is a wholly owned subsidiary of Henderson Land Development, which is a substantial shareholder of Miramar under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 in Hong Kong.

The Transactions, which constitute continuing connected transactions under the Listing Rules, were approved by the Independent Shareholders on 16th June, 2006. For the financial years during which the Transactions subsist, the Company will include details of the Transactions as required under Rule 14A.46 of the Listing Rules in its subsequent published annual reports and accounts; and engage its auditors to issue confirmation letter(s) in respect of the Transactions as required under Rule 14A.38 of the Listing Rules each year.

TERMS USED IN THIS ANNOUNCEMENT

“Advertising Signboards”

“Circular”

Advertising signboards C1 and C2 at the external wall of Hotel Miramar the circular of the Company in relation to, inter alia, the Transactions dated 30th May, 2006

“Company”	King Fook Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hotel Miramar Shopping Arcade”	the Shopping Arcade at Hotel Miramar, 118-130 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Independent Shareholders”	shareholders of the Company other than Miramar and its associates (as defined in the Listing Rules)
“KF Jewellery”	King Fook Jewellery Group Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Henderson”	Henderson Real Estate Agency Limited, a wholly owned subsidiary of Henderson Land Development
“Henderson Land Development”	Henderson Land Development Company Limited, a company whose shares are listed on the Main Board of the Stock Exchange
“Landlord”	Contender Limited, a wholly owned subsidiary of Miramar
“Licence”	The licence of the Advertising Signboards
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miramar”	Miramar Hotel and Investment Company, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Property 1”	Shop units G1-2 and G1A on Ground Floor and Shop units AR201-02 and AR217 on 1st Floor, Hotel Miramar Shopping Arcade
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy”	the tenancy in respect of Property 1
“Top Angel”	Top Angel Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Transactions”	the Tenancy and the Licence
“Valuer”	BMI Appraisals Limited
“\$”	Hong Kong dollar(s)

By Order of the Board
Yeung Ping Leung, Howard
Chairman

Hong Kong, 5th September, 2006

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 and Mr. Sin Nga Yan, Benedict and the independent non-executive Directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter and Mr. Chan Chak Cheung, William.