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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Luk Fook Holdings (International) Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

六福集團(國際)有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 590)

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES**

RE-ELECTION OF DIRECTORS

30th July, 2005

DEFINITIONS

In this circular, unless otherwise specified, the following words and expressions shall have the same meanings set out below:

“AGM”	The annual general meeting of the Company to be held at 25/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong on Thursday, 25th August, 2005 or any adjournment thereof
“Board”	The board of directors of the Company
“Bye-laws”	The Bye-laws of the Company
“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
“Latest Practicable Date”	24th July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Luk Fook Control”	Luk Fook (Control) Limited, a company incorporated in British Virgin Islands, the ultimate holding company of the Company
“Repurchase Mandate”	The general mandate to be granted to the Directors to exercise the power of the Company to repurchase Shares on the Stock Exchange
“SFO”	Securities and Futures Ordinance
“Share(s)”	Fully paid share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	The shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



LUK FOOK HOLDINGS (INTERNATIONAL) LIMITED

六福集團(國際)有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 590)

Executive directors:

Mr WONG Wai Sheung (*Chief Executive*)
Mr TSE Moon Chuen
Mr LAW Tim Fuk, Paul
Mr POON Kam Chi
Mr LAU Kwok Sum

Non-executive directors:

Mr WONG Koon Cheung
Mr CHAN Wai
Mr LEE Shu Kuan
Miss YUENG Po Ling, Pauline
Mr HUI King Wai

Independent Non-Executive Directors:

Mr CHIU Wai Mo
Mr HUI Chiu Chung
Mr LO Mun Lam, Raymond (*Chairman*)

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Place of Business:

25/F, BEA Tower,
Millennium City 5,
418 Kwun Tong Road,
Kwun Tong,
Kowloon,
Hong Kong

30th July, 2005

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS**

I. INTRODUCTION

The purpose of this letter is to provide Shareholders with details of the Share Issue Mandate and Repurchase Mandate and the proposals for re-election of directors to be dealt with at the forthcoming AGM. The Directors propose to seek the approval of the Shareholders at the AGM for the following:

1. Share Issue Mandate to issue Shares up to a maximum of 20% of the Shares in issue as at the date of passing the relevant resolution;

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2. Share Repurchase Mandate to repurchase Shares up to a maximum of 10% of the Shares in issue as at the date of passing the relevant resolution; and
3. the Share Issue Mandate shall be extended to the Shares that are allowed to be repurchased by the Company pursuant to the Repurchase mandate.

II. GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all the powers of the Company to repurchase Shares subject to the criteria set out in this letter. The Shareholders should note that the authority relates only to purchase made on the Stock Exchange and otherwise in accordance with the Listing Rules. All repurchases of shares must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by specific approval in relation to specific transactions.

In addition, the general mandate will continue in force during the Relevant Period (as referred to in paragraph (c) of resolution 6 (the "Resolution") set out in the notice of the AGM of the Company), which means the period from the passing of the Resolution until whichever is the earlier of:

- (i) the conclusion of the next AGM of the Company;
- (ii) the expiration of the period within which the next AGM of the Company is required by the Bye-laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under the Resolution by ordinary resolution of the shareholders in general meeting.

1. Exercise of the Repurchase Mandate

It is proposed that the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 10 per cent of the issued share capital of the Company as at the date of passing of the relevant resolution. Based on 485,443,850 Shares in issue as at the Latest Practicable Date, and assuming that no shares are issued and repurchased by the Company prior to the AGM, exercise in full of the Repurchase Mandate will result in up to 48,544,385 Shares being repurchased by the Company during the Relevant Period.

2. Reasons for Repurchases

Whilst the Directors do not presently intend to repurchase any Shares they believe that the flexibility afforded by the Repurchase Mandate granted to them, if resolution 6 set out in the notice of the AGM is passed, would be beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share. Repurchases of shares will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

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3. Funding of Repurchases

Repurchases of shares must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association of the Company, its Bye-laws and the applicable laws of Bermuda. Repurchases of shares pursuant to the Repurchase Mandate would be financed entirely from the Company's paid up share capital plus funds available for dividends or distribution to shareholders and the share premium account.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts for the year ended 31st March 2005), in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as to in the circumstances have a material adverse effect on the working capital requirements or the gearing levels of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. Disclosure of Interests

None of the Directors and, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, none of their associates has present intention, if the Repurchase Mandate is approved by shareholders, to sell any Shares to the Company.

No connected persons of the Company, as defined in the Listing Rules, have notified the Company that they have a present intention to sell any Shares to the Company nor have any connected persons (as so defined) undertaken not to do so if the Company is authorised to make purchases of Shares.

5. Directors' Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of Bermuda and in accordance with the regulations set out in the Memorandum of Association of the Company and its Bye-laws.

6. Shares Repurchases made by the Company

No repurchases of Shares (whether on the Stock Exchange or otherwise) have been made by the Company during the six months prior to the date of this circular.

7. Takeovers Code consequences

If as a result of a repurchase of Shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase in the shareholder's or group of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

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As at the Latest Practicable Date, Luk Fook (Control), being the controlling shareholder of the Company and the person directly interested in 10 per cent or more of the Shares in issue, was interested in 231,858,000 Shares being approximately 47.76 per cent of the issued share capital of the Company. Certain directors of the Company, namely, Mr. WONG Wai Sheung, Mr. TSE Moon Chuen, Mr. CHAN Wai, Mr. LEE Shu Kuan and Mr. WONG Koon Cheung are also directors, and together with their associates collectively control over one-half of the voting power, of Luk Fook (Control). These directors were deemed to be interested in the same shares for the purpose of the SFO.

In the event that the Repurchase Mandate is exercised in full, Luk Fook (Control) would be interested in up to approximately 53.07 per cent of the issued Shares. This would oblige Luk Fook (Control) to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors would not exercise the mandate to such an extent.

8. MARKET PRICES

During each of the previous twelve months, the highest and lowest traded prices for Shares recorded on the Stock Exchange were as follows:

Month	Traded Market Price Per Share	
	Highest HK\$	Lowest HK\$
2004		
July	1.610	1.270
August	1.680	1.540
September	1.790	1.640
October	1.790	1.640
November	1.880	1.640
December	2.450	1.880
2005		
January	2.525	2.150
February	2.925	2.375
March	2.850	2.425
April	2.850	2.575
May	2.650	2.200
June	2.450	2.150
July (up to the Latest Practicable Date)	2.500	2.250

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III. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 99 of the Bye-laws, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company save any Director holding office as Chairman or Managing Director. Accordingly, Mr. WONG Wai Sheung, Mr. LAW Tim Fuk, Paul, Mr. HUI King Wai and Mr. HUI Chiu Chung shall retire by rotation at the AGM. All retiring Directors are eligible for re-election. Details of the Directors proposed to be re-elected are as follows:

Mr. WONG Wai Sheung

Mr. WONG Wai Sheung, aged 55, is the founder and the former Chairman & Chief Executive of the Group. He has been re-designated as the Director & Chief Executive on 12th April 2005. This change was to comply with the Code Provisions of the Code on Corporate Governance Practices (the "Code") newly included in the Listing Rules. The Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. He is also a member of the remuneration committee of the Group. He has over 38 years of experience in jewellery industry in Hong Kong and is responsible for the overall management of the Group. He has been an associate director of The Kowloon Gold Siver and Jewel Merchant's Staff Association since 1993. Mr. WONG has also acted as honorary permanent chairman of Jewellery Traders Industry & Commerce Association since April 2001.

As at the Latest Practicable Date, Mr. WONG had 255,132,104 Shares within the meaning of Part XV of the SFO. Mr. WONG has a service contract with the Company which does not have any fixed term and may be terminated by either side on 12 months' notice (note 1). For the year ended 31st March 2005, his emoluments amounted to HK\$8,628,597 and he is also entitled to a director's fee of HK\$55,000 per annum (note 2). Save as the aforesaid, Mr. WONG does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. LAW Tim Fuk, Paul

Mr. LAW Tim Fuk, Paul, aged 52, joined the Group in 1996. Presently, he is a Director, Company Secretary, Qualified Accountant and Financial Controller of Group. He is a member of the Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants, the Hong Kong Society of Accountants and the Institute of Chartered Secretaries and Administrators. Mr. LAW holds a Bachelor's Degree with honours in Accountancy. He has over 15 years of accounting and auditing experience and over 14 years of experience in commerce. He is mainly responsible for the accounting and finance of the Group. As at the Latest Practicable Date, Mr. LAW did not have any interests in the Shares within the meaning of Part XV of the SFO. Mr. LAW has a service contract with the Company which does not have any fixed term and may be terminated by either side on 3 months' notice (note 1). For the year ended 31st March 2005, his emoluments

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amounted to HK\$1,762,266 and he is also entitled to a director's fee of HK\$55,000 per annum (note 2). Save as the aforesaid, Mr. LAW does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. HUI King Wai

Mr. HUI King Wai, aged 55, joined the Group in 1999 as non-executive Director, and is a member of the remuneration committee of the Group. He was admitted solicitor of the Supreme Court of England and Wales and of the Supreme Court of Hong Kong in 1981 and 1982 respectively and is a solicitor practising in Hong Kong. As at the Latest Practicable Date, Mr. HUI did not have any interests in the Shares within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. HUI and the Company (note 1). He is entitled to a director's fee of HK\$110,000 per annum (note 2). Save as the aforesaid, Mr. HUI does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Mr. HUI Chiu Chung

Mr. HUI Chiu Chung, J.P., aged 58, joined the Group in 1997. He is an independent non-executive director, Chairman of the remuneration committee and member of the audit committee, of the Group. He is currently Managing Director of UOB Kay Hian (Asia) Limited. Mr. HUI has 34 years of experience in the securities and investment industry. Mr. HUI had served as a Council Member and Vice-chairman of the Stock Exchange for several years. He was also a Director of the Hong Kong Securities Clearing Company Limited. He had served for 8 years as a Committee Members in the Advisory committee of the Hong Kong Securities Commission and is at present a Member of the Academic and Accreditation Advisory Committee of the Hong Kong Securities & Futures Commission, Appointed Member of Securities & Futures Appeals Tribunal, Member of the Listing Committee of the Stock Exchange of Hong Kong and Committee Member of the Hong Kong Stockbrokers Association. Mr. HUI also serves as independent non-executive director of several listed companies in Hong Kong. As at the Latest Practicable Date, Mr. HUI did not have any interests in the Shares within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. HUI and the Company (note 1). He is entitled to a director's fee of HK\$110,000 per annum (note 2). Save as the aforesaid, he does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company.

Notes:

- (1) None of the Directors' service contracts requires the Company to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments, other than statutory compensation. Pursuant to the Bye-laws, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company save any Director holding office as Chairman or Managing Director.

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- (2) The fees and other emoluments of Directors are determined by reference to industry norm and market conditions, with discretionary bonus on performance awarded to executive directors.

IV. ANNUAL GENERAL MEETING

A notice of the AGM is set out in the Annual Report 2005 sent to Shareholders on the same date as this circular, which also outlines the proposed Ordinary Resolutions to grant the Repurchase Mandate to the Directors and the re-election of Directors.

A proxy form for use at the AGM is enclosed with the Annual Report. Whether or not you are able to attend the meeting, you are advised to complete the proxy form in accordance with the instructions printed thereon and deposit it at the Company's principal place of business in Hong Kong at 25/F, BEA Tower, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or the adjourned meeting.

Pursuant to Article 70 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three Shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) by any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

IV. RECOMMENDATION

The Directors believe that the Share Issue Mandate and Repurchase Mandate and the re-election of Directors are in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend you to vote in favour of all relevant resolutions set out in the notice of the AGM.

Yours faithfully,
For and on behalf of the Board
WONG Wai Sheung
Chief Executive