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If you have sold or transferred all your shares in **Luk Fook Holdings (International) Limited**, you should at once hand this circular 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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY

28th April 2004

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DEFINITIONS

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

“Board”	The board of directors 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
“Dragon Kind”	Dragon Kind Development Limited, a company incorporated in Hong Kong and wholly owned by the Company
“Group”	The Company and its subsidiaries
“HIBOR”	Hong Kong Inter-Bank Borrowing Rate
“Latest Practicable Date”	23rd April 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“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
“Main Goal”	Main Goal Limited, a company incorporated in Hong Kong, an independent third party introduced by a commissionable property agent
“Property”	The whole block of commercial building situated at No. 749A Nathan Road, Kowloon, Hong Kong
“SFC”	Securities and Futures Ordinance
“Shareholders”	The shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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)

Executive directors:

WONG Wai Sheung
TSE Moon Chuen
LAW Tim Fuk, Paul
POON Kam Chi
LAU Kwok Sum

Registered office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Non-executive directors:

WONG Koon Cheung
CHAN Wai
LEE Shu Kuan
YUENG Po Ling, Pauline
CHIU Wai Mo*
HUI Chiu Chung*
HUI King Wai

Principal Place of Business

19th Floor
Sino Centre
582-592 Nathan Road
Kowloon
Hong Kong

* *Independent non-executive directors*

28th April 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 7th April 2004, the Directors announced that Dragon Kind entered into the Sale and Purchase Agreement with Main Goal for acquiring the Property.

The acquisition of the Property constitutes a discloseable transaction for the Company under chapter 14 of the Listing Rules. The purpose of this circular is to give the Shareholders further information in relation to the transaction.

LETTER FROM THE BOARD

SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement dated 8th April 2004 was entered between Dragon Kind and Main Goal, whereby Dragon Kind has agreed to purchase, and Main Goal has agreed to sell, the Property at a consideration of HK\$36,000,000. The transaction shall be completed on or before 18th June 2004.

THE PROPERTY

The Property is a 14-storey commercial building (plus a cockloft) completed in 1985 presently known as Hing Pong Commercial Building. It is situated at No. 749A Nathan Road, Kowloon, Hong Kong (i.e. Sub-Section 6 of Section A of Kowloon Inland Lot No. 2143). The Property is currently vacant and has a total saleable floor area of approximately 10,788 sq. ft. including approximately 1,067 sq. ft. on ground floor, 738 on cockloft, 701 sq. ft. on 1st floor, totally 7,755 sq. ft. on 2nd to 12th floor and 527 sq. ft. on 13th floor. Kowloon Inland Lot No. 2143 is held under government lease for a term of 75 years commencing on 9th October 1928 and renewal for a further term of 75 years.

CONSIDERATION

The cash price of HK\$36,000,000 was determined by reference to the open market value of HK\$37,500,000 as at 26th March 2004 as appraised by FPD Savills (Hong Kong) Limited, an independent valuer who is not a connected person (as defined in the Listing Rules) of the Company. On 21st April 2004, the Board resolved that 30% (HK\$10,800,000) of the consideration shall be financed by internal resources, while the remaining balance of 70% (HK\$25,200,000) shall be financed by the mortgage loan from a bank repayable by 60 monthly installments. Such mortgage loan facility is being arranged.

Initial cash deposits totalling HK\$3,600,000 were paid on 30th March 2004 and 8th April 2004. The remaining balance of HK\$32,400,000 will be paid upon completion of the transaction on or before 18th June 2004.

REASONS AND BENEFITS FOR THE TRANSACTION

The Property is situated on the west side of Nathan Road near the junction with Prince Edward Road West within the Mongkok District in Kowloon Peninsula. All modes of public transport facilities including franchised buses, public light buses, taxis are available along Nathan Road, Prince Edward Road and Lai Chi Kok Road. The Mass Transit Railway's Prince Edward Station is also situated within short walking distance of the Property. The Group will use the whole Property as its head office building to accommodate all its existing office operations which are currently housed in rented/owned properties at 19/F to 21/F Sino Centre, 582-592 Nathan Road, Kowloon.

The Group will rename the Property as Luk Fook Jewellery Centre, subject to approval from relevant Government authorities, so that it will become a landmark of the Group in Hong Kong. With a view to providing better support to the Group's jewellery retail shops located along Nathan Road especially in Mongkok, to eliminating the need for leasing office space, and to promoting the corporate image, the Group has decided to acquire the Property.

LETTER FROM THE BOARD

DIRECTORS' VIEW

The Vendor and the ultimate beneficial owner of the Vendor are not connected persons (as defined in the Listing Rules) of the Company. Having taken into account the factors and reasons set out in the previous paragraph, the Directors believe that the terms of acquisition of the Property are fair and reasonable and in the interests of the Shareholders as a whole.

EFFECTS OF THE TRANSACTION

The Directors estimate that, upon completion of the Transaction, the Group's financial position would have the following approximate changes:

	Assets <i>HK\$</i>	Liabilities <i>HK\$</i>
Increase in property (incl. outlays)	37,600,000	–
Decrease in cash at banks	(12,400,000)	–
Increase in mortgage loan	–	25,200,000
	<u> </u>	<u> </u>
Net increase	<u>25,200,000</u>	<u>25,200,000</u>

Besides, the Group would have a decrease in annual office rental expense by approximately HK\$2,200,000 and an increase in monthly interest expense for the next five years calculated on reducing balances of the loan principal at HIBOR+0.725%.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. 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.

DISCLOSEABLE TRANSACTION

The asset ratio and the consideration ratio for this transaction are each over 5% and below 25%. As a result, the acquisition of the Property constitutes a discloseable transaction under the Listing Rules.

FURTHER INFORMATION

Your attention is drawn to the general information set out in the Appendix in this circular.

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

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at the Latest Practicable Date, save as disclosed below, none of the director and chief executive of the Company had interests and short positions in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:

- (a) were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance); or
- (b) were required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or
- (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Exchange;

I. Long positions in shares and underlying shares of the Company:

Name of Director	Beneficial Owner	Child under 18 or Spouse	Controlled Corporation	Beneficiary of Trust	Share Option	TOTAL INTEREST	% of Shares
Mr. WONG Wai Sheung	1,712,878	-	245,144,176 <i>note (a) &(b)</i>	3,920,010 <i>note (c)</i>	7,064,000	257,841,064	53.61%
Mr. TSE Moon Chuen	23,344	-	245,144,176 <i>note (a) &(b)</i>	-	-	245,167,520	50.97%
Mr. LAW Tim Fuk, Paul	1,236,000	-	-	-	-	1,236,000	0.26%
Mr. POON Kam Chi	440,000	-	-	-	-	440,000	0.09%
Mr. WONG Koon Cheung	2,678,090	-	245,144,176 <i>note (a) &(b)</i>	-	-	247,822,266	51.52%
Mr. CHAN Wai	4,299,022	-	245,144,176 <i>note (a) &(b)</i>	-	-	249,443,198	51.86%

APPENDIX

GENERAL INFORMATION

Name of Director	Beneficial Owner	Child under 18 or Spouse	Controlled Corporation	Beneficiary of Trust	Share Option	TOTAL INTEREST	% of Shares
Mr. LEE Shu Kuan	5,634,579	735,650 <i>note (f)</i>	247,730,800 <i>note (a),(b), (d)&(e)</i>	-	-	254,101,029	52.83%
Mr. HUI Chiu Chung	-	200,000 <i>note (g)</i>	-	-	-	200,000	0.04%

Note (a) 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) Ltd. which holds 231,858,000 shares in the Company. These directors were deemed to be interested in the same shares, relevant disclosures were therefore duplicated for the purpose of SFO.

Note (b) 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-third of the voting power, of Dragon King Investment Ltd. which holds 13,286,176 shares in the Company. These directors were deemed to be interested in the same shares, relevant disclosures were therefore duplicated for the purpose of SFO.

Note (c) Mr. WONG Wai Sheung and his family are discretionary beneficiaries of the WONG's family Trust (the "Trust"). The Trust is the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Co. Ltd. which is the beneficial owner of 3,920,010 shares of the Company.

Note (d) Mr LEE Shu Kuan holds 33.3% of the entire issued share capital of Wah Hang Kimon Investments Limited which in turn holds 630,624 shares of the Company.

Note (e) Mr LEE Shu Kuan holds 51% of the entire issued share capital of Wah Hang Kimon Holdings Limited which in turns holds 1,956,000 shares of the Company.

Note (f) Mr LEE Shu Kuan's spouse, Ms FONG Chi Ling, holds 735,650 shares of the Company.

Note (g) Mr. HUI Chiu Chung's spouse, Ms. SHEK Milly, holds 200,000 shares of the Company.

II. Long positions in shares and underlying shares of Luk Fook Control, the ultimate holding company

Name of Director	Beneficial Owner	Child under 18 or Spouse	Controlled Corporation	Beneficiary of Trust	TOTAL INTEREST	% of Shares
Mr. WONG Wai Sheung	478,111	-	-	33,954,791 <i>note (a)</i>	34,432,902	34.43%
Mr. TSE Moon Chuen	-	82,853 <i>note(b)</i>	1,916,100 <i>note(c)</i>	-	1,998,953	2.00%
Mr. POON Kam Chi	162,435	-	-	-	162,435	0.16%
Mr. LAU Kwok Sum	1,600	-	-	-	1,600	0.002%
Mr. WONG Koon Cheung	4,453,433	-	-	-	4,553,433	4.55%
Mr. CHAN Wai	6,427,843	-	-	-	6,427,843	6.43%
Mr. LEE Shu Kuan	6,613,544	645,307 <i>note (d)</i>	1,093,575 <i>note (e)</i>	-	8,352,426	8.35%

Note (a) Mr. WONG Wai Sheung and his family are discretionary beneficiaries of the WONG's family Trust (the "Trust"). The Trust is the beneficial owner of the entire issued share capital of Kwai Kee Cheung Jewellery & Goldsmith Co., Ltd. which is the beneficial owner of 33,954,791 shares of Luk Fook Control.

Note (b) Mr. TSE Moon Chuen's spouse, Ms. FONG Anissa King, holds 82,853 shares of Luk Fook Control.

Note (c) Mr. TSE Moon Chuen holds 100% of the entire issued share capital of Moon Chuen Investment Limited which in turn holds 1,916,000 shares of Luk Fook Control.

Note (d) Mr LEE Shu Kuan's spouse, Ms Fong Chi Ling, holds 645,307 shares of Luk Fook Control.

Note (e) Mr LEE Shu Kuan holds 33.3% of the entire issued share capital of Wah Hang Kimon Investments Limited which in turn holds 1,093,575 shares of Luk Fook Control.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to any director or chief executive of the Company, no person, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

Name of Shareholder	Beneficial Owner	Controlled Corporation	TOTAL INTEREST	% of Shares
Luk Fook (Control) Limited	231,858,000		231,858,000	48.21%
Value Partners Limited	43,824,000		43,824,000	9.11%
Mr. CHEAH Ching Hye		43,824,000	43,824,000	9.11%

note

Note: Mr. CHEAH Ching Hye is a controlling shareholder, with 31.82% interest, of Value Partners Limited which in turn holds 43,824,000 shares of the Company. By virtue of the SFO, he is deemed to be interested in those shares of the Company and relevant disclosures are therefore duplicated.

As at the Latest Practicable Date, save as disclosed below, so far as is known to any director or chief executive of the Company, no person was, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of any other member of the Group and any options in respect of such capital.

Name of Shareholder	Subsidiary of the Company	% of Shares
Splendid Diamond Limited	Jewellworld.com Limited	42.63%
Gold Reach Corporation Limited	Success Era Investments Limited	49.00%
Mr. CHEUNG Kwong Sang	Union Advertising & Production Company Limited	30.00%
Wah Cheong Global Investment Limited	Instant Win Investment Limited	20.00%

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the employer within a year without payment of any compensation (other than statutory compensation).

6. MISCELLANEOUS

- (a) The Secretary and the Qualified Accountant of the Company is Mr. LAW Tim Fuk, Paul, 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 also holds a Bachelor's Degree with honours in Accountancy.
- (b) The registered office of the Company is situated at Cedar House, 41 Cedar Venue, Hamilton HM12, Bermuda.
- (c) The head office and principal place of business of the Company is situated at 19th Floor, Sino Centre, 582-592 Nathan Road, Kowloon, Hong Kong.
- (d) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.