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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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)*

*Executive directors:*

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

*Non-executive directors:*

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

\* *Independent non-executive directors*

*Registered office:*

Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda

*Principal Place of Business:*

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

30th July, 2003

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATE TO REPURCHASE SHARES  
AND PROPOSAL FOR ADOPTION OF CHINESE NAME**

**I. INTRODUCTION**

The purpose of this letter is to provide shareholders (the "Shareholders") of Luk Fook Holdings (International) Limited (the "Company") with details of the general mandate to

repurchase shares and the proposal for adoption of Chinese name by the Company to be dealt with at the forthcoming annual general meeting (the “AGM”) of the Company which will be held at 19/F Sino Centre, 582-592 Nathan Road, Kowloon, Hong Kong on Wednesday, 27th August, 2003.

Reference in this document to “Shares” means fully paid share(s) of HK\$0.10 each in the capital of the Company.

## **II. GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will be proposed that the directors of the Company (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 of Hong Kong Limited (the “Stock Exchange”) and otherwise in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 474,674,850 Shares in issue as at 24th July, 2003 being the latest practicable date prior to the printing of this letter and assuming that no shares are issued and repurchased by the Company prior to the AGM, exercise in full of the Repurchase Mandate could result in up to 47,467,485 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 mandate granted to them, if resolution 6 set out in the notice of the AGM (the “Repurchase Mandate”) 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.

## **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 By-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 2003), 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 letter.

## **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 Hong Kong Code on Takeovers and Mergers ("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. As at 24th July, 2003 being the latest practicable date prior to the printing of this letter, Luk Fook (Control) Limited, being the controlling shareholder of the Company and the only person directly interested in 10 per cent or more of the Shares in issue, was interested in 231,858,000 Shares being approximately 48.8 per cent of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, Luk Fook (Control) Limited would be interested in up to approximately 54.2 per cent of the issued Shares. This would oblige Luk Fook (Control) Limited 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\$
<b>2002</b>		
July	0.990	0.820
August	0.920	0.820
September	0.850	0.740
October	0.820	0.680
November	0.850	0.770
December	0.930	0.740
<b>2003</b>		
January	0.800	0.690
February	0.790	0.730
March	0.760	0.650
April	0.680	0.530
May	0.730	0.570
June	0.760	0.700
July (up to 24th July, 2003) <i>Note</i>	0.850	0.740

*Note:* 24th July, 2003 is the latest practicable date prior to the printing of this letter.

## III. ADOPTION OF CHINESE NAME BY THE COMPANY

Pursuant to an external circular No. 1/2001 issued by the Companies Registry in Hong Kong in June 2001, an overseas company registered under Part XI of the Companies Ordinance is permitted to register the Chinese name of the Company with the Registrar of Companies. The Chinese name of “六福集團(國際)有限公司” has been used by the Company in Hong Kong for identification purpose. The Directors propose to seek Shareholders’ approval on the adoption of “六福集團(國際)有限公司” as the Chinese name of the Company for this purpose. Adoption of the Chinese name is subject to the passing of a special resolution by the Shareholders at the forthcoming AGM and the approval of the Registrar of Companies in Hong Kong. A further announcement will be made in this connection upon the adoption of the Chinese name becoming effective.

The proposed adoption of the Chinese name of the Company will not affect any of the rights of the Shareholders and all existing share certificates in issue bearing only the English Name of the Company will, after adoption of the Chinese name, continue to be effective as documents of title of the Shares and be valid for trading, settlement and registration purposes. Therefore, there would not be any arrangement for free exchange of share certificates upon obtaining the approval of registration of the Company's Chinese name from the Registrar of Companies in Hong Kong.

#### **IV. RECOMMENDATION**

The Directors believe that the Repurchase Mandate and the Adoption of Chinese Name are in the best interests of the Company as well as its shareholders. Accordingly, the Directors recommend you to vote in favour of resolutions 6 and 8 set out in the notice of the AGM.

Yours faithfully,  
For and on behalf of the Board  
**Wong Wai Sheung**  
*Chairman*