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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 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,
AND RE-ELECTION OF DIRECTORS**

31st July 2008

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 Monday, 25th August 2008 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 2008, 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
“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
“Share Issue Mandate”	The general mandate to be granted to the Directors to exercise the power of the Company to issue Shares
“Share 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
“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:

WONG Wai Sheung (*Chief Executive*)

TSE Moon Chuen

LAW Tim Fuk, Paul

LAU Kwok Sum

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-executive directors:

WONG Koon Cheung

CHAN Wai

LEE Shu Kuan

YEUNG Po Ling, Pauline

HUI King Wai

Principal Place of Business:

25/F, BEA Tower

Millennium City 5

418 Kwun Tong Road

Kwun Tong

Kowloon

Hong Kong

Independent Non-Executive Directors:

HUI Chiu Chung

LO Mun Lam, Raymond (*Chairman*)

TAI Kwok Leung, Alexander

31st July 2008

To the Shareholders

Dear Sir or Madam,

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

Ordinary resolutions will be proposed at the AGM: (i) to grant a Share Issue Mandate to the Directors to issue and otherwise deal with Shares up to a maximum of 20% of the issued share capital of the Company as at the date of passing such resolution; and (ii) to approve the addition to the Share Issue Mandate of any Shares repurchased by the Company under the authority of the Share Repurchase Mandate as at the date of passing such resolution. The Directors have no present intention to issue any new Shares. As at the Latest Practicable Date, the number of Shares in issue was 492,507,850. On the basis of such figure (assuming no further Shares are issued or repurchased after and up to the date of passing such resolution), the Directors would be authorized to issue Shares up to a maximum of 98,501,570.

III. 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.

LETTER FROM THE BOARD

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 492,507,850 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 49,250,785 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.

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 2008), 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.

LETTER FROM THE BOARD

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 By-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.

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 47.08 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 60,304,930 shares representing 60.30 per cent of the issued share capital, 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 52.31 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.

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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 <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
July	5.580	3.300
August	5.980	4.100
September	5.560	4.920
October	6.490	5.060
November	6.840	5.630
December	7.500	5.930
2008		
January	7.720	5.050
February	6.140	4.510
March	5.950	3.820
April	4.920	4.120
May	5.490	4.790
June	5.490	4.090
July (up to the Latest Practicable Date)	4.500	3.420

IV. 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. 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. Pursuant to Bye-law 102(B) of the Bye-laws, Mr. TAI Kwok Leung, Alexander who was appointed as a Director of the Company on 24th July 2008 shall hold office only until 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 (Executive Director)

Mr. WONG Wai Sheung, aged 58, is the founder and Chief Executive of the Group. He is also a member of the Remuneration Committee. He has over 41 years of experience in the jewellery industry in Hong Kong. He is responsible for the overall strategic planning and management of the Group. He has been an associate director of The Kowloon Gold Silver and Jewel Merchant's Staff Association since November 1993. Mr. WONG was invited to act as Honorary Permanent Chairman of Jewellery Traders Industry & Commerce Association since April 2001. He was elected

LETTER FROM THE BOARD

as Honorary Chairman of Macau Goldsmith's Guild in 2005. He was also elected as Honorary Chairman of the First General Committee of Guangdong Golden Jewelry and Jade Industry's Association in 2006. Mr. WONG is a member of the Guangzhou Huadu District Municipal Committee of the Chinese People's Political Consultative Conference. As at the Latest Practicable Date, Mr. WONG had 249,576,388 Shares within the meaning of Part XV of the SFO. For the year ended 31st March 2008, his emoluments amounted to HK\$22,704,400 including a discretionary bonus on performance. He is also entitled to a director's fee of HK\$55,000 per annum.

Mr. LAW Tim Fuk, Paul (Executive Director)

Mr. LAW Tim Fuk, Paul, aged 55, joined the Group in 1996. Presently, he is a Director, Company Secretary, Qualified Accountant, and Financial Controller of the Group. He is a member of The Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Secretaries and Administrators. Mr. LAW holds a Bachelor's Degree with honours in Accountancy. He has over 16 years of accounting and auditing experience and over 17 years of experience in commerce. He is mainly responsible for the accounting and finance of the Group. He also handles communication with institutional investors and financial news reporters. 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. For the year ended 31st March 2008, his emoluments amounted to HK\$3,240,208 including a discretionary bonus on performance. He is also entitled to a director's fee of HK\$55,000 per annum.

Mr. HUI King Wai (Non-Executive Director)

Mr. HUI King Wai, aged 58, is a solicitor practising in Hong Kong and joined the Group in 1999. 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. 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. He is entitled to a director's fee of HK\$110,000 per annum.

Mr. HUI Chiu Chung (Independent Non-Executive Director)

Mr. HUI Chiu Chung *J.P.*, aged 61, joined the Group in 1997 and is the Chairman of Remuneration Committee and a member of the Audit Committee. He is also Chief Executive Officer of OSK Asia Holdings Limited, with 37 years of experience in the securities and investment industry. Mr. HUI is an Independent Non-executive Director of Lifestyle International Holdings Limited (Stock Code: 1212), Chun Wo Holdings Limited (Stock Code: 711), Frasers Property (China) Limited (Stock Code: 535) (previously known as Vision Century Corporation Limited), Jiuzhou Development Company Limited (Stock Code: 908), all of which are listed in Hong Kong. Mr. HUI was appointed a Justice of the Peace in 2004 and was a member of the Election Committee for the HKSAR. He was also appointed a member of the

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Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. He is at present a member of the Listing Committee of the Hong Kong Exchange & Clearing Company Limited, an appointed member of the Securities and Futures Appeals Tribunal, a member of the Committee on Real Estate Investment Trusts of the Securities and Future Commission. Mr. HUI is also a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A and a member of Government "Appointees" (independent members) of Appeal Panel of Trade Industry Council of Hong Kong. From 1991 to 1996 and from 1997 to 2000 Mr. HUI was a member of the Council of the Stock Exchange of Hong Kong Limited and was a director of the Hong Kong Securities Clearing Co, Ltd. 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. He is entitled to a director's fee of HK\$130,000 per annum.

Mr. TAI Kwok Leung, Alexander (Independent Non-Executive Director)

Mr. TAI Kwok Leung, aged 50, joined the Group on 24th July 2008 and is a member of both the Audit Committee and the Remuneration Committee. Mr. TAI graduated from Victoria University of Wellington in New Zealand with a Bachelor Degree in Commerce & Administration in 1982 and became an associate member of the Hong Kong Institute of Certified Public Accountants in 1983. Mr. TAI has extensive accountancy, corporate finance and investment experience in Hong Kong and overseas. Mr. TAI is a shareholder and an executive director of Access Capital Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Mr. TAI is also an independent non-executive director of Honghua Group Limited (Stock Code: 196) listed in Hong Kong. As at the Latest Practicable Date, Mr. TAI did not have any interests in the Shares within the meaning of Part XV of the SFO. He is entitled to a director's fee of HK\$130,000 per annum.

Save as the aforesaid, each of the retiring Directors (including Mr. TAI Kwok Leung, Alexander) does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; each of them did not hold any directorships in any other listed public companies in the last three years. In addition, there is no other information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters that need to be brought to the attention of Shareholders, in respect of the re-election of the retiring Directors.

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.

The fees and other emoluments of Directors are determined by reference to industry norm and market conditions.

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V. ANNUAL GENERAL MEETING

A notice of the AGM is set out in the Annual Report 2008 sent to Shareholders on the same date as this circular, which also outlines the proposed Ordinary Resolutions to grant the Share Issue Mandate and Share Repurchase Mandate to the Directors, the extension of the Share Issue Mandate 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. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjourned meeting if you so wish.

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; or
- (v) if required by the Listing Rules, by the Chairman of the meeting and/or directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a particular meeting in certain circumstances where, on a show of hands, a meeting votes in the opposite manner to that instructed in those proxies.

LETTER FROM THE BOARD

VI. RECOMMENDATION

The Directors believe that the granting of the Share Issue Mandate and the Share Repurchase Mandate, the extension of the Share Issue 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