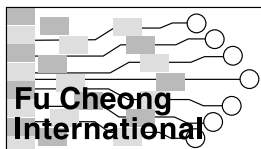


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FU CHEONG INTERNATIONAL HOLDINGS LIMITED

富昌國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

ONGOING CONNECTED TRANSACTIONS AND APPLICATION FOR WAIVER

The Group is principally engaged in the manufacture of PCBs in the PRC and sale of PCBs to Hong Kong consumer electronic product manufacturers with production facilities located in the PRC since 1991.

Jiangyin is one of the major suppliers of laminated sheets to the Group. The laminated sheets are primarily utilised by the Group in the production of PCBs. Jiangyin is a wholly-owned subsidiary of Advanced Technology, a substantial Shareholder and a connected person of the Company, therefore, Jiangyin is also a connected person of the Company. The entire issued shares of Advanced Technology are owned by Score One Inc., the issued shares of which are owned as to 82% by I. World Limited which is in turn owned as to 58% by Mr Ho Wing Cheong, an executive Director and the chairman of the Company. The purchase of laminated sheets from Jiangyin by the Group constitutes a connected transaction and is subject to Independent Shareholders' approval and disclosure requirements under Chapter 14 of the Listing Rules.

Due to the decrease in price and strong demand of the Group's products, the Directors anticipate that the estimated aggregate purchases to be made by the Group from Jiangyin for each of the three financial years ending 31 December 2004 may exceed the higher of HK\$10 million or 3% of the book value of the Group's net tangible assets and thereby trigger the Independent Shareholders' approval requirements under Rule 14.26 of the Listing Rules.

Accordingly, the Company will apply to the Stock Exchange for a waiver from strict compliance with the relevant requirements of the Listing Rules for the Ongoing Connected Transactions for the three financial years ending 31 December 2004. The Previous Waiver will be revoked upon the new waiver coming into effect.

An EGM will be convened for the Independent Shareholders to approve the Ongoing Connected Transactions. Under the Listing Rules, Advanced Technology, Score One Inc., I. World Limited, Mr Ho Wing Cheong (an executive Director and the chairman of the Company) and their respective associates will be required to abstain from voting on the resolution(s) to be proposed at the EGM to consider and approve the Ongoing Connected Transactions.

A circular containing details of the Ongoing Connected Transactions, a letter from an independent financial adviser, a letter from the independent board committee together with a notice of the EGM will be despatched to the Shareholders as soon as possible.

THE ONGOING CONNECTED TRANSACTIONS

The Group is principally engaged in the manufacture of PCBs in the PRC and sale of PCBs to Hong Kong consumer electronic product manufacturers with production facilities located in the PRC since 1991.

Jiangyin is one of the four major suppliers of laminated sheets to the Group. The laminated sheets are primarily utilised by the Group in the production of PCBs. Jiangyin is a wholly-owned subsidiary of Advanced Technology. Advanced Technology is a substantial Shareholder, holding 58% of the issued share capital of the Company. Advanced Technology is a connected person of the Group within the meaning of the Listing Rules, thus, Jiangyin is also a connected person of the Company. The entire issued shares of Advanced Technology are owned by Score One Inc., the issued shares of which are owned as to 82% by I. World Limited which is in turn owned as to 58% by Mr. Ho Wing Cheong, an executive Director and the chairman of the Company. The purchase of laminated sheets from Jiangyin by the Group constitutes a connected transaction and is subject to Independent Shareholders' approval and disclosure requirements under Chapter 14 of the Listing Rules. As these transactions involve simple sale and purchase of laminated sheets, constituting part of the usual and ordinary businesses of the Group, no formal agreement has been entered into by the Group and Jiangyin. Terms and conditions of these transactions are negotiated between the parties on a case-by-case and on an arm's length basis.

The Directors are of the opinion that the purchases from Jiangyin are of a type that has been and will be carried out on a regular basis and in the ordinary and usual course of business of the Group. The Directors considered that the purchases have been and will be carried out on normal commercial terms, determined on an arm's length basis or on terms no less favourable than those available from third parties and were and will be fair and reasonable so far as the Shareholders are concerned.

REASONS FOR THE ONGOING CONNECTED TRANSACTIONS

For the financial year ended 31 December 2001 and the six months ended 30 June 2002, the aggregate purchases made by the Group from Jiangyin were approximately HK\$12,700,000 and HK\$8,963,000, respectively, representing about 10% and 16% of the total purchases of the Group and approximately 27% and 9% of the net tangible assets of the Group (see the table below for details) over the same periods. When compared with the aggregate purchases made by the Group from Jiangyin in the financial year ended 31 December 2000, the aggregate purchases made by the Group from Jiangyin in the financial year ended 31 December 2001 represents approximately a 83% increase in value and a 3% increase in such purchases expressed as a percentage of the total purchases of the Group over the same period. Similarly, when compared with the aggregate purchases made by the Group from Jiangyin in the six months ended 30 June 2001, the aggregate purchases made by the Group from Jiangyin in the six months ended 30 June 2002 represents an increase of approximately 42% in value and a 5% increase in such

purchases expressed as a percentage of the total purchases of the Group over the same period. The table below illustrates the total purchases of the Group from Jiangyin for the two years ended 31 December 2001 and the six months ended 30 June 2002:

	For the year ended 31 December 2000	For the year ended 31 December 2001	For the six months ended 30 June 2002
Total purchase of the Group from Jiangyin	HK\$6,928,154.00	HK\$12,700,298.00	HK\$ 8,963,408.30
Net tangible assets of the Group	HK\$19,783,000.00	HK\$47,346,000.00	HK\$94,695,000.00
Purchase from Jiangyin as to the net tangible assets of the Group	approximately 35%	approximately 27%	approximately 9%
Total purchase of the Group	HK\$92,788,194.00	HK\$121,669,081.00	HK\$57,015,086.34
Purchase from Jiangyin as to the total purchase of the Group	approximately 8%	approximately 10%	approximately 16%

For the six months ended 30 June 2001 and 2002, the Group's sales of single-side PCBs were about HK\$69,040,000 and HK\$72,284,000 respectively, representing an increase of about 4.7%. Such PCBs were mainly used in the production of calculators, watches, keyboards and audio systems in motor vehicles and control panels of domestic electronic devices. The strong demands for the PCBs of the Group had a follow-on effect on the Group's demand for the raw materials used in the production of such PCBs.

Moreover, the general price level of the PCBs has shown a downward movement since the first quarter of this financial year. The Group has adopted a policy to maintain pricing parity with other PCB manufacturers to maintain the Group's market share in the PCBs segment. As a result of the pricing policy, the average unit price of the Group's PCBs fell from HK\$0.6 per piece in January 2002 to HK\$0.558 per piece in May 2002, representing a decrease of approximately 7% over a period of 5 months. The fall in average unit price of the Group's PCBs had a positive impact on the monthly volume turnover of such PCBs which in turn had a positive follow-on effect on the Group's usage of the raw materials for the production of such PCBs. The Directors consider that the decrease in the relevant price of the Group's PCBs will further increase the sales of the Group, therefore, the Directors anticipate that the estimated aggregate purchases to be made by the Group from Jiangyin for each of the three financial years ending 31 December 2004 may exceed the higher of HK\$10 million or 3% of the book value of the Group's net tangible assets and thereby trigger the Independent Shareholders' approval requirements under Rule 14.26 of the Listing Rules.

As the purchases of laminated sheets from Jiangyin, which will take place from time to time in the future on a regular basis, are part of the usual and ordinary course of businesses of the Group to be conducted on normal commercial terms, and the aggregate consideration payable by the Group for each of the three financial years ending 31 December 2004 may exceed the higher of HK\$10 million or 3% of the book value of the Group's net tangible assets, the Directors consider that it would not be practical to make disclosure of, or where necessary, to obtain Independent Shareholders' approval for, each such Ongoing Connected Transactions. Accordingly, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.26 of the Listing Rules for the three financial years ending 31 December 2004.

WAIVER FOR ONGOING CONNECTED TRANSACTIONS

The Company will apply to the Stock Exchange for a waiver from strict compliance with the relevant requirements of the Listing Rules for the Ongoing Connected Transactions for the three financial years ending 31 December 2004 on the following conditions:

1. that each of the Ongoing Connected Transactions will be:
 - (i) entered into by the Group in the ordinary and usual course of its business;
 - (ii) conducted on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and made by similar entities) or (where there is no available comparison) on terms that are fair and reasonable as far as the Shareholders are concerned; and
 - (iii) entered into on terms no less favourable than those available to or from independent third parties;
2. the aggregate amount of the purchases for each of the three financial years ending 31 December 2004 of the Company shall not exceed \$20,000,000 (the "**Purchase Cap Amount**");
3. the independent non-executive Directors shall review the Ongoing Connected Transactions annually and confirm in the Company's next annual report that each of the Ongoing Connected Transactions was conducted in the manner as stated in paragraphs 1 and 2 above;
4. the Company's auditors shall review the Ongoing Connected Transactions annually and confirm in a letter (the "**Letter**") to the Directors (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether:
 - (i) each of the Ongoing Connected Transactions has received the approval of the Company's board of Directors;
 - (ii) each of the Ongoing Connected Transactions has been entered into in accordance with the terms of the agreements, documents or arrangements governing each of the Ongoing Connected Transactions or, if there are no such agreements, on terms no less favourable than those available to or from independent third parties;
 - (iii) each of the Ongoing Connected Transactions has been carried out in accordance with the Group's pricing policies; and

(iv) the Purchase Cap Amount has not been exceeded.

Where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the Letter, the Directors shall notify the Stock Exchange immediately;

5. details of the Ongoing Connected Transactions in each financial year shall be disclosed as required under Rule 14.25(A) to (D) of the Listing Rules in the annual report of the Company for that financial year together with a statement of the opinion of the independent non-executive Directors and the auditors of the Company referred to in paragraphs 3 and 4 above;
6. Jiangyin shall provide to the Stock Exchange an undertaking that, for so long as the shares of the Company are listed on the Stock Exchange, Jiangyin will provide the Company's auditors with full access to its relevant records for the purpose of the auditors' review of the Ongoing Connected Transactions referred to in paragraph 4 above.

If the aggregate value of the Ongoing Connected Transactions in any financial year exceeds the Purchase Cap Amount referred to in paragraph (2) above, or if any terms of the agreements or arrangements of the Ongoing Connected Transactions are altered or if the Group enters into any new agreements or arrangements with any connected persons (as defined in the Listing Rules) in the future, the Company must comply with the provisions of Chapter 14 of the Listing Rules governing connected transactions unless the Company applies for and obtains a separate waiver from the Stock Exchange.

On 29 October 2001, Kim Eng Capital (Hong Kong) Limited, the sponsor to the listing of the shares of the Company on the main board of the Stock Exchange, made an application on behalf of the Company to the Stock Exchange for waiver, among other matters, from strict compliance with Rule 14.25 of the Listing Rules for the Ongoing Connected Transactions. On 12 March 2002, waiver (the "**Previous Waiver**") was granted by the Stock Exchange for the Ongoing Connected Transactions subject to certain conditions, one of which was that the purchase of laminated sheets from Jiangyin for each financial year of the Company shall not exceed the annual limit of HK\$10 million. The purchase of laminated sheets from Jiangyin for the nine months ended 30 September 2002 was HK\$9,801,540 and the Group did not purchase from Jiangyin since 30 September 2002. Therefore, as at the date of this announcement, the Group's purchase from Jiangyin did not exceed the annual limit of the Previous Waiver.

The Previous Waiver will be revoked upon the new waiver coming into effect. The Directors confirmed that the Group will comply with the conditions of the Previous Waiver until the new waiver is being granted.

GENERAL

An EGM will be convened for the Independent Shareholders to approve the Ongoing Connected Transactions. Under the Listing Rules, Advanced Technology, Score One Inc., I. World Limited, Mr Ho Wing Cheong (an executive Director and the chairman of the Company) and their respective associates (as defined in the Listing Rules) will be required to abstain from voting on the resolutions to be proposed at the EGM to consider and approve the Ongoing Connected Transactions.

A circular containing details of the Ongoing Connected Transactions, a letter from an independent financial adviser, a letter from the independent board committee together with a notice of the EGM will be despatched to the Shareholders as soon as possible.

DEFINITIONS

In this announcement, following expressions shall, unless the context requires otherwise, have the following meanings:

“Advanced Technology”	Advanced Technology International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. The entire issued shares of Advanced Technology are owned by Score One Inc., the issued shares of which are owned as to 82% by I. World Limited, which is in turn owned as to 58% by Mr Ho Wing Cheong, an executive Director and the chairman of the Company.
“Company”	Fu Cheong International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to, among other matters, approve the Ongoing Connected Transactions
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Advanced Technology, Score One Inc., I. World Limited, Mr Ho Wing Cheong (an executive Director and the chairman of the Company) and their respective associates
“Jiangyin”	江陰景泰積層板有限公司 (Jiangyin Jingtai Laminated Board Co. Ltd.), a wholly-owned subsidiary of Advanced Technology
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ongoing Connected Transactions”	the connected transactions to be entered into between the Group and Jiangyin, details of which are set out in the section headed “Ongoing Connected Transactions” of this announcement
“PCB(s)”	printed circuit board(s), a flat plate or base of insulating material containing a pattern of conducting materials, which becomes an electrical circuit when components are attached and soldered to it
“PRC”	the People’s Republic of China which excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“Shareholder(s)” shareholder(s) of the Company

“%” per cent.

By order of the Board
Fu Cheong International Holdings Limited
Michael Young
Company Secretary

Hong Kong, 20th November 2002

* *For identification purpose only*

“Please also refer to the published version of this announcement in China Daily”.