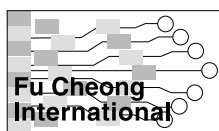


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 Fu Cheong International Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

Independent Financial Adviser to the Independent Board Committee



CU Capital Asia Limited

A letter from the Board is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee is set out on page 9 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 10 to 13 of this circular.

A notice convening an extraordinary general meeting of Fu Cheong International Holdings Limited to be held at Unit 2, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at 2:00 p.m. on Friday, 20th December 2002 is set out on pages 18 to 19 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tengis Limited, the branch share registrar of Fu Cheong International Holdings Limited in Hong Kong, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* for identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions 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
“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“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, consider to approve the Ongoing Connected Transactions, notice of which is set out on pages 18 to 19 of this circular
“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 Hong Kong
“Independent Board Committee”	an independent board committee of the Company comprising Mr Poon Kuai Cheong and Ms Fong Ching Yin
“Independent Financial Adviser” or “CUCA”	CU Capital Asia Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee
“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

DEFINITIONS

“Latest Practicable Date”	29 th November 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“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 of Hong Kong Limited
“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 circular
“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
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

LETTER FROM THE BOARD



FU CHEONG INTERNATIONAL HOLDINGS LIMITED

富昌國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Directors:

Ho Wing Cheong (*Chairman*)

Ho Wing Hung

Kwok Shuk Wah

Independent non-executive Directors:

Poon Kuai Cheong

Fong Ching Yin

Registered office:

Century Yard, Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

Head office and principal place

of business in Hong Kong:

Unit 2, 34th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan, New Territories

Hong Kong

3rd December 2002

To the Shareholders

Dear Sirs,

ONGOING CONNECTED TRANSACTIONS

INTRODUCTION

On 29th October 2001, Kim Eng Capital (Hong Kong) Limited, the sponsor to the listing of the Shares 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 12th 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 by the Group from Jiangyin for each financial year of the Company shall not exceed the annual limit of HK\$10 million.

The Directors anticipated that the estimated aggregate purchases to be made by the Group from Jiangyin for each of the three financial years ending 31st 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.

* for identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with the details of the Ongoing Connected Transactions, to set out the opinion of the Independent Financial Adviser in respect of the Ongoing Connected Transactions and the recommendation of the Independent Board Committee and to give you notice of the EGM.

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, including the independent non-executive 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, including the independent non-executive 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 Company and the Independent Shareholders are concerned.

REASONS FOR THE ONGOING CONNECTED TRANSACTIONS

For the financial year ended 31st December 2001 and the six months ended 30th 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 over the same periods. When compared with the aggregate purchases made by the Group from Jiangyin in the financial year ended 31st December 2000, the aggregate purchases made by the Group from Jiangyin in the financial year ended 31st 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 30th June 2001, the aggregate purchases made by the Group from Jiangyin in the six months ended 30th 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

LETTER FROM THE BOARD

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

	For the year ended 31st December 2000	For the year ended 31st December 2001	For the six months ended 30th 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 30th 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 31st 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 carried out on normal commercial terms, and the aggregate consideration payable by the Group for each of the three financial years ending 31st 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, such Ongoing Connected Transactions. Accordingly, the

LETTER FROM THE BOARD

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 31st December 2004.

WAIVER FOR THE ONGOING CONNECTED TRANSACTIONS

The Company has applied 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 31st 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;
 - (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 31st 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 and 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;

LETTER FROM THE BOARD

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.

The purchase of laminated sheets from Jiangyin by the Group for the nine months ended 30th September 2002 was HK\$9,801,540 and the Group did not purchase from Jiangyin since 30th September 2002. As at the Latest Practicable Date, 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 would comply with the conditions of the Previous Waiver until the new waiver is being granted.

THE EGM

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 resolutions to be proposed at the EGM to consider and approve the Ongoing Connected Transactions.

Notice of the EGM is set out on pages 18 and 19 of this circular. At the EGM, an ordinary resolution will be proposed to approve the Ongoing Connected Transactions.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof to the Company's branch share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 of this circular which contains its recommendation to the Independent Shareholders as to voting at the EGM concerning the Ongoing Connected Transactions. Your attention is also drawn to the letter of advice received from the Independent Financial Adviser which contains, among other matters, its advice to the Independent Board Committee in relation to the Ongoing Connected Transactions and the principal factors and reasons considered by it in concluding its advice. The letter from the Independent Financial Adviser is set out on pages 10 to 13 of this circular. The Independent Board Committee, having taken into account the advice from the Independent Financial Adviser, considers that the Ongoing Connected Transactions are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Ongoing Connected Transactions.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
For and on behalf of the Board of
Fu Cheong International Holdings Limited
Ho Wing Cheong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



FU CHEONG INTERNATIONAL HOLDINGS LIMITED

富昌國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

29th November 2002

To the Shareholders

Dear Sirs,

ONGOING CONNECTED TRANSACTIONS

We refer to the circular to the Shareholders dated 3rd December 2002 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the section headed “Definitions” of the Circular.

We have been appointed by the Board to consider the Ongoing Connected Transactions and to advise the Independent Shareholders in connection with the Ongoing Connected Transactions as to whether it is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board set out on pages 3 to 8 of the Circular and the letter of advice from the Independent Financial Adviser as set out on pages 10 to 13 of the Circular.

Having considered, among other matters, the principal factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the Ongoing Connected Transactions are fair and reasonable as far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Ongoing Connected Transactions, set out in the notice convening the EGM set out on pages 18 to 19 of the Circular, to be proposed at the EGM.

Yours faithfully,
Independent Board Committee of
Fu Cheong International Holdings Limited
Poon Kuai Cheong
Fong Ching Yin

* *for identification purposes only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



CU Capital Asia Limited

11th Floor
Hong Kong Diamond Exchange Building
8-10 Duddell Street
Central
Hong Kong

28th November 2002

*To the Independent Board Committee of
Fu Cheong International Holdings Limited*

Dear Sirs,

ONGOING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee in respect of the Ongoing Connected Transactions, particulars of which have been set out in a circular to the Shareholders dated 3rd December 2002 (the “Circular”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

CUCA has been appointed as the independent financial adviser to the Independent Board Committee to give our recommendation as to whether the terms of the Ongoing Connected Transactions and the Purchase Cap Amount are fair and reasonable so far as the Independent Shareholders are concerned. Details of the reasons for the entering into of the Ongoing Connected Transactions and benefits of the Ongoing Connected Transactions are set out in the “Letter from the Board” in the Circular.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Group and have assumed that all information and representations made by the Group were true, accurate and complete at the time they were made and continue to be so as at the date of the Circular. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have not, however, conducted an independent in-depth investigation into the affairs of the Group nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in relation to the Ongoing Connected Transactions, we have taken into consideration the following factors and reasons:

1. Background and reasons for 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.

According to the Directors, Jiangyin is one of the major suppliers of laminated sheets to the Group. The Group has commenced the purchase of laminated sheets from Jiangyin since 1997 and therefore has built up business relationship with Jiangyin for approximately 6 years. The laminated sheets are primarily utilised by the Group in the production of PCBs. Jiangyin is a wholly-owned subsidiary of Advanced Technology, which is a substantial Shareholder holding 58% of the issued share capital of the Company. Accordingly, Jiangyin is a connected person of the Company pursuant to the Listing Rules and 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. The Company had applied for and obtained a waiver (the "Previous Waiver") from the Stock Exchange from strict compliance with the reporting requirements under the Listing Rules on the condition as described in the prospectus of the Company dated 13th March 2002, 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 general price level of the PCBs has shown a downward movement since the first quarter of 2002. 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 Group's sales of single-side PCBs for the six months ended 30th June 2002 were about HK\$72,284,000, representing an increase of about 4.7% compared with the six months ended 30th June 2001. The Directors believe that the decrease in the selling price of the Group's PCBs will further increase the sales of the Group's PCBs, thereby increase the Group's demand for laminated sheets, which are the raw materials for the production of PCBs. The Directors are of the view that the Ongoing Connected Transactions facilitate the Group to cope with the anticipated increase in sale of PCBs. Accordingly, the Group's purchase from Jiangyin is anticipated to show a continuous increase.

The Directors estimated that the aggregate purchases to be made by the Group for each of the three years ending 31st December 2004 may exceed the higher of HK\$10 million or 3% of the book value of the Group's net tangible assets. The annual limit of HK\$10 million pursuant to the Previous Waiver will then be exceeded and the Ongoing Connected Transactions will be subject to Independent Shareholders' approval and disclosure requirements under Chapter 14 of the Listing Rules. 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 has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.26 of the Listing Rules for the three financial years ending 31st December 2004 and the Ongoing Connected Transactions are subject to approval from the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No formal agreement has been entered into by the Group and Jiangyin as these transactions involve simple sale and purchase of laminated sheets, constituting part of the usual and ordinary businesses of the Group. Terms and conditions of the Ongoing Connected Transaction have been and will be negotiated between the parties on a case-by-case basis and on arm's length basis, based on the then market price of laminated sheets to the knowledge of the Directors. The Directors confirmed that the Ongoing Connected Transactions have been and will be carried out in normal commercial terms, determined on an arm's length basis or on terms no less favorable than those available from third parties. Given that there is no fixed terms for the Ongoing Connected Transactions and the price of the laminated sheets sold from Jiangyin to the Group has been and will be based on market prices to the knowledge of the Directors, we concur with the Directors' view that the terms of the Ongoing Connected Transactions are fair and reasonable so far as the Independent Shareholders as a whole are concerned.

2. Cap Amount

The following table illustrates the total purchases of the Group from Jiangyin for the two years ended 31st December 2001 and the six months ended 30th June 2002:

	For the year ended 31 st December 2000	For the year ended 31 st December 2001	For the six months ended 30 th June 2002
Total purchase of the Group from Jiangyin	HK\$6,928,154	HK\$12,700,298	HK\$8,963,408
Total purchase of the Group	HK\$92,788,194	HK\$121,669,081	HK\$57,015,086
Percentage of purchase from Jiangyin over total purchase of the Group	approximately 8%	approximately 10%	approximately 16%

The total purchase of the Group from Jiangyin for the year ended 31st December 2001 represented a 83% increase over those for the year 2000. Assuming that the Group made the same amount of purchase from Jiangyin for the six months ending 31st December 2002 as that for the six months ended 30th June 2002, the total purchase of the Group from it for the year ending 31st December 2002 is estimated to be approximately HK\$17.8 million, representing a 40% increase over those for the year 2001. It is also indicated from the above table that the percentage of purchase from Jiangyin over the total purchase of the Group gradually increased. As a result of the anticipated increase in sale of PCBs, the Group's demand for laminated sheets is expected to increase. Accordingly, the Group's purchase from Jiangyin will also increase.

Compared with the estimated total purchase of the Group from Jiangyin of approximately HK\$17.8 million calculated above, the Purchase Cap Amount of HK\$20 million just represents a premium of approximately 12%, which is to cater for the increase of the Group's increase in demand of laminated sheets as a result of the anticipated increase in sale of PCBs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the main purpose of the increase in annual cap is to serve as a buffer for the expected increase in sale of PCBs, we are of the view that the new annual cap, the Purchase Cap Amount, in respect of the Ongoing Connected Transactions is fair and reasonable so far as the Independent Shareholders as a whole are concerned.

Other than the Purchase Cap Amount, the waiver application made by the Company to the Stock Exchange is subject to other conditions, the details of which are set out in the “Letter from the Board” in the Circular. On the condition that the Group can fully comply with these conditions, we believe that the interests of the Independent Shareholders will be properly safeguarded.

CONCLUSION

Having considered the above principal factors and reasons, we are of the opinion that the Ongoing Connected Transactions, which are subsisting and are of a commercial nature, are in the interest of the Company and the Shareholders and are fair and reasonable so far as the Independent Shareholders as a whole are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolutions to approve the Ongoing Connected Transactions and the Purchase Cap Amount at the EGM.

Yours faithfully,
For and on behalf of
CU Capital Asia Limited
Albert Poon
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular 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. DISCLOSURE OF INTERESTS

(a) Disclosure of interests under the SDI Ordinance

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company and its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to section 28 of the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) (“**SDI Ordinance**”), including interests which they are deemed or taken to have under section 31 or Part I of the Schedule to the SDI Ordinance, or which would be required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Interests in the Shares

Name of director	Number of Shares			Percentage of the issued share capital as at the Latest Practicable Date
	Personal interests	Corporate interests	Total Interests	
Mr Ho Wing Cheong	–	696,000,000 (Note)	696,000,000	58%

Note: These shares are owned by Advanced Technology, the shares of which are beneficially owned by Score One Inc.. The shares of Score One Inc. are held as to 82% by I. World Limited. The issued shares of I. World are, in turn, beneficially owned as to 58% by Mr Ho Wing Cheong.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any interest in the share capital of the Company or any associated corporations (with the meaning of the SDI ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including the interests which they were deemed or taken to have under section 31 or part I of the Schedule to the SDI Ordinance) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein.

(b) Executive Directors’ service contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 1st August 2001, and will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other.

Each of the independent non-executive Director is currently appointed for a term of three years commencing from 1st August 2001.

Apart from the foregoing, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

(c) Other interests

Save as disclosed herein:

- (i) none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group;
- (ii) none of the Directors is interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries since 31st December 2001, the date to which the latest published audited accounts of the Group were made up; and
- (iii) none of the Directors has entered or is proposing to enter into a service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of substantial Shareholders kept by the Company pursuant to section 16(1) of the SDI Ordinance and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, other than the interests disclosed in paragraph 2(a) of this appendix, the following person was directly or indirectly interested in 10% or more of the issued share capital of the Company:

Name	Number of Shares	Percentage
Mr Ho Wing Cheong (<i>Note</i>)	696,000,000	58%
Advanced Technology (<i>Note</i>)	696,000,000	58%
Score One Inc. (<i>Note</i>)	696,000,000	58%
I. World Limited (<i>Note</i>)	696,000,000	58%

Note: 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. The issued shares of I. World Limited are in turn owned as to 58% by Mr Ho Wing Cheong. Accordingly, each of Score One Inc., I. World Limited and Mr Ho Wing Cheong is deemed to be interested in the shares of the Company held by Advanced Technology under the SDI Ordinance.

Save as disclosed above, no person (other than the Directors or the chief executive of the Company) has notified the Company that he/she/it has a direct/indirect interests amounting to 10 per cent. of the issued share capital of the Company and its subsidiaries at the Latest Practicable Date pursuant to section 16(1) of the SDI Ordinance.

4. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares	<u>100,000,000</u>

Issued and fully paid or credited as fully paid:

<u>1,200,000,000</u> Shares in issue as at the Latest Practicable Date	<u>12,000,000</u>
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5. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries.

6. CONSENT AND EXPERT

- (a) CUCA is an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong).
- (b) CUCA has given and has not withdrawn its written consents to the issue of this circular with the inclusion herein of its letter and the reference to its name in the form and context in which it appears.
- (c) CUCA is not interested in any Shares nor does it have any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares.
- (d) CUCA is not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to the Company or any of its subsidiaries since 31st December 2001, the date to which the latest published audited accounts of the Group were made up.

7. GENERAL

- (a) The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December 2001, the date to which the latest published audited accounts of the Group were made up.
- (b) The secretary of the Company is Mr Young Chi Shan, Michael, who is an associate member of both the Association of Chartered Certified Accountants, the United Kingdom and the Hong Kong Society of Accountants.
- (c) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies. The principal place of business of the Company is Unit 2, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

- (d) The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Unit 2, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong during normal business hours up to and including 18th December 2002 and at the EGM:

- (a) the letter of advice from CUCA to the Independent Board Committee, the text of which is set out on pages 10 to 13 of this circular;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 9 of this circular; and
- (c) the written consent from CUCA referred to in paragraph 6 of this appendix.

NOTICE OF EGM



FU CHEONG INTERNATIONAL HOLDINGS LIMITED

富昌國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Fu Cheong International Holdings Limited (the “**Company**”) will be held at Unit 2, 34th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on Friday, 20th December 2002 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the resolution set out below as an ordinary resolution:

“**THAT** subject to the grant of a waiver (the “**Waiver**”) by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to the Company in respect of the obligations to comply with the shareholders’ approval and disclosure requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange in respect of the Ongoing Connected Transactions, as defined under the section headed “Definitions” and more particularly described under the section headed “Ongoing Connected Transactions” in the letter from the board of directors of the Company included in the circular dated 3rd December 2002 issued by the Company, a copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification, and subject further to compliance with the terms of the Waiver, the Ongoing Connected Transactions be and the same are hereby generally and unconditionally approved in respect of each and every occasion when such Ongoing Connected Transactions arise for the period of three financial years ending 31st December 2004 and a general mandate be and is hereby given to the directors of the Company to enter into or continue carrying on the Ongoing Connected Transactions during such period.”

By Order of the Board of Directors of
Fu Cheong International Holdings Limited
Ho Wing Cheong
Chairman

Hong Kong, 3rd December 2002

Head office and

principal place of business in Hong Kong:

Unit 2, 34th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan, New Territories

Hong Kong

NOTICE OF EGM

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed herewith.
2. To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar of the Company, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.

** for identification purposes only*