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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)

ANNOUNCEMENT OF UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002, POSTPONEMENT OF RELEASE OF THE AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2002 AND DESPATCH OF 2002 ANNUAL REPORT AND FINANCIAL STATEMENTS RESIGNATION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

At the direction of the Stock Exchange, trading of shares of the Company on the Stock Exchange has been suspended since 16 December 2002 and will remain suspended pending further announcement.

The Directors consider that the Group is in normal operation and the Group is making for timely repayment of its outstanding bank loans.

Announcement of the 2002 Annual Results and the despatch of 2002 Annual Report for the financial year ended 31 December 2002 will be delayed. The Directors acknowledge that they have breached paragraphs 8(1) and 11(1) of the Listing Agreement and that the Stock Exchange reserves its rights to take appropriate actions against the Company and/or the Directors in respect of the breaches.

An independent non-executive Director, Mr Peng Ying Yong, resigned with effect on 28 April 2003. The Board appointed Mr Law Yau Tim as a new independent non-executive Director with effect from 28 April 2003.

OPERATIONS OF THE GROUP

Pursuant to a “Warrant to enter and search” dated 13 December 2002, the officers of the Independent Commission Against Corruption (the “**ICAC**”) have entered and searched (the “**Search**”) the premises at Room 2, 34th Floor, Cable TV Tower, No.9 Hoi Shing Road, Tsuen Wan, New Territories, being the former principal place of business of Fu Choeng International Holdings Limited (the “**Company**”) in Hong Kong on 16 December 2002. During the Search, certain of the documents belonging to and/or in the possession of the Company, including without limitation, the accounting records and ledgers of the Company and its subsidiaries (the “**Group**”) were being seized by the officers of the ICAC for assisting the investigation by the ICAC in certain cases.

At the direction of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), trading of shares of the Company on the Stock Exchange has been suspended on 16 December 2002 and as at the date of this announcement, trading of shares of the Company is still suspended.

Despite the Search, the suspension of trading of shares of the Company on the Stock Exchange since 16 December 2002 and the outbreak of severe acute respiratory syndrome (“**SARS**”) which has adversely affected economic activities in the People’s Republic of China (the “**PRC**”), Hong Kong and Asia in general, the directors of the Company (the “**Directors**”) consider that the Group is in normal operation.

The total turnover of the Group decreased since the fourth quarter of 2002 due to (i) keen competition; (ii) slowdown of the global economy in general; and (iii) cancellation of some of the orders placed by the customers due to the strike which occurred in the container terminal in the west coast of the United States of America during the end of 2002. The turnover of the Group for November and December 2002 were approximately HK\$4.17 million and HK\$3.26 million respectively. For the two months ended 28 February 2003, the total turnover of the Group further decreased to approximately HK\$2.58 million and HK\$2.34 million respectively due to (i) the intervening Chinese Lunar New Year; and (ii) the effort of the management of the Group to lower the overhead and reduce cash out-flow of the Group by slowing down the Group’s business expansion and decreasing its scale of production. The Group also relocated its office premises in Hong Kong and reallocated other resources to achieve better cost efficiency. Turnover of the Group increased to approximately HK\$3.7 million for the month ended 31 March 2003 and the Directors are optimistic that the total turnover of the Group should remain steady in the coming months.

FINANCIAL POSITION OF THE GROUP

As at the date of this announcement, the Group has aggregate outstanding bank loans of approximately HK\$5.5 million due to The Hong Kong and Shanghai Banking Corporation Limited (“**HSBC**”), Standard Chartered Bank (“**SCB**”) and Dah Sing Bank (“**Dah Sing**”, together with HSBC and SCB, collectively, the “**Banks**”). The Group had been in discussions with the Banks and revised repayment schedules were agreed with HSBC on 25 March 2003, agreed with SCB on 5 March 2003 and agreed with Dah Sing on 20 December 2002 respectively. The Group has been making timely repayment of the above loans in accordance with the revised repayment schedules.

The Directors confirmed that apart from the outstanding amount due to the Banks, the Group has no other bank loans or borrowings.

As at the date of this announcement, the total amount of cash on hand by the Group is approximately HK\$1,080,000. The Group was able to make timely repayment of the outstanding amount due to the Banks according to the revised repayment schedules. As for trade debts, the suppliers usually grant about 30 to 270 days credit period to the Group and the Directors also consider that the Group should be able to negotiate with them for extended credit period in case the same should be required. Accordingly, the Directors consider that the Group should have sufficient working capital for its present operation.

The Directors confirm that there is no adverse material change in the financial position of the Group from 31 December 2002 to the date of this announcement.

DELAY IN ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

Pursuant to paragraphs 8(1) and 11(1) of the listing agreement entered between the Company and the Stock Exchange (the “**Listing Agreement**”), the audited annual results of the Company for the financial year ended 31 December 2002 (the “**2002 Annual Results**”) are required to be released and the annual reports for the financial year ended 31 December 2002 (the “**2002 Annual Report**”) are required to be despatched on or before 30 April 2003.

However, as the accounting records and ledgers of the Group were being seized by the ICAC for assisting the investigation by the ICAC in certain cases, more time was spent by the accounting staff of the Company to prepare the Group’s management accounts and Ernst & Young, the auditors of the Company, have only commenced their field audit on 7 April 2003. As the Group’s accounting records and ledgers are still in the possession of the ICAC, the Directors estimate that more time would be required to obtain all the necessary documents for audit purposes. The Directors also expect that completion of the field audit may be further delayed by the recent outbreak of SARS in the PRC and Hong Kong as it may have negative impact on the willingness of people to travel to the PRC. In the circumstances, the meeting of the Directors for approving the 2002 Annual Results, the publication of the 2002 Annual Results and the despatch of 2002 Annual Report will be delayed.

Subject to the finalisation of the audit of the 2002 Annual Results by the auditors of the Company on or before 30 June 2003, the Directors expect that (i) the 2002 Annual Results would be available for the Directors to consider and approve on or before 6 July 2003; (ii) the announcement on the 2002 Annual Results would be made available on or before 6 July 2003; (iii) the 2002 Annual Report and 2002 Annual Results would be despatched on or before 13 July 2003; and (iv) the annual general meeting of the Company would be held on or before 7 August 2003.

The delay in the publication of 2002 Annual Results and the despatch of 2002 Annual Report constitute breaches of paragraphs 8(1) and 11(1) of the Listing Agreement. The Stock Exchange reserves its right to take appropriate action against the Company and/or the Directors for the breaches.

The delay in publication of the audited results of the Group for the year ended 31 December 2002 as currently contemplated does not constitute any breach of the articles of association of the Company and the relevant rules and regulations of the Cayman Islands.

The Directors confirmed that they will not engaged in any dealing of shares of the Company until the publication of the audited results of the Group for the year ended 31 December 2002.

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2002

The Directors announce that the unaudited final results of the Group for the year ended 31 December 2002, which have been reviewed by the independent non-executive Director, and which may or may not be subject to material changes upon completion of the audit of such results are as follows:

	Unaudited 2002	Audited 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	172,397	202,728
Cost of sales	<u>(134,827)</u>	<u>(143,657)</u>
Gross profit	37,570	59,071
Other revenue	315	208
Selling and distribution expenses	(897)	(847)
Administrative expenses	(13,495)	(9,806)
Other operating expenses	<u>–</u>	<u>(2,963)</u>
Profit from operations	23,493	45,663
Finance costs	<u>(355)</u>	<u>(310)</u>
Profit before taxation	23,137	45,353
Taxation	<u>(2,990)</u>	<u>(4,790)</u>
Net profit from ordinary activities attributable to shareholders	<u>20,147</u>	<u>40,563</u>

RESIGNATION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Peng Ying Yong has resigned from the office of an independent non-executive Director with effect from 28 April 2003, which was accepted by the board of Directors (the “**Board**”) on 28 April 2003. The Board announced that Mr Law Yau Tim has been appointed as the independent non-executive Director with effect from 28 April 2003.

SUSPENSION OF TRADING

At the direction of the Stock Exchange, trading of shares of the Company on the Stock Exchange has been suspended since 16 December 2002 and will remain suspended pending further announcement.

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

Hong Kong, 29 April 2003

* *For identification purpose only*

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