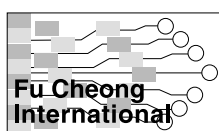


## IMPORTANT

**If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Fu Cheong International Holdings Limited, you should at once hand this circular and 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.

*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)*

*Executive Directors:*

Mr. Ho Wing Cheong (*chairman*)

Mr. Ho Wing Hung

*Registered office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Independent Non-executive Directors:*

Ms. Xie He Ping

Mr. Law Yau Tim

*Head office and principal place of  
business in Hong Kong:*

Flat 6, 3rd Floor, Block 2

Tak Fung Industrial Centre

166-176 Texaco Road

Tsuen Wan

New Territories

Hong Kong

14 November 2003

*To the shareholders*

Dear Sir or Madam,

### **PROPOSED GRANT OF GENERAL MANDATES FOR THE ALLOTMENT AND ISSUE OF NEW SHARES AND FOR THE REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES**

#### **INTRODUCTION**

At the last annual general meeting of Fu Cheong International Holdings Limited (the “**Company**”) held on 24 May 2002, the directors (the “**Directors**”) of the Company were granted a

\* For identification purposes only

general mandate to allot, issue and deal with shares (each a “**Share**”) of HK\$0.01 each in the share capital of the Company and a general mandate to repurchase Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). These mandates will lapse at the conclusion of the forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company convened to be held at Ailingkan Management District, Dalingshan Town, Dongguan, Guangdong Province, the People’s Republic of China on 10 December 2003 at 4:00 p.m. or on revocation or variation of approval of granting such mandate by an ordinary resolution of shareholders of the Company, whichever is the earlier. At the Annual General Meeting, among other businesses, the following ordinary resolutions will be proposed:

- (a) to grant a general mandate (the “**General Mandate**”) to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with new Shares up to a maximum of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution;
- (b) to grant a general mandate (the “**Repurchase Mandate**”) to the Directors to enable them to repurchase the Shares on the Stock Exchange to a maximum of 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution; and
- (c) to authorise the increase of the number of new Shares which may be allotted and issued under the General Mandate by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate.

Under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange, the Company is required to give to its shareholders all information which is reasonably necessary to enable its shareholders to make an informed decision as to whether to vote for or against the resolution to renew the grant to the Directors of the Repurchase Mandate. The explanatory statement required by the Listing Rules to be included in this document for the above purpose is set out in the Appendix.

## **THE GENERAL MANDATE**

The Directors have no immediate plans to allot and issue any new Shares other than Shares which may fall to be issued upon the exercise of options which may be granted under the share option scheme of the Company or pursuant to any scrip dividend scheme which may be approved by the shareholders of the Company.

## **THE REPURCHASE MANDATE**

On pages 41 to 44 of the annual report of the Company in respect of the financial year ended 31 December 2002 is the notice of the Annual General Meeting. At the Annual General Meeting, as part of the special businesses of the Annual General Meeting, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors.

## **ACTION TO BE TAKEN**

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tengis Limited, at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the Annual General 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 Annual General Meeting or any adjournment thereof if you so wish.

## **RECOMMENDATION**

The Directors believe that the General Mandate and the Repurchase Mandate are in the best interests of the Company and its shareholders. An exercise of the powers under the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Such an exercise will only be made when the Directors believe that such repurchase of Shares will benefit the Company and its shareholders.

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and/or gearing position of the Company compared with that as at 31 December 2002, being the date of its latest audited accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

The Directors believe that an exercise of the General Mandate to issue and allot new Shares will enable the Company to take advantage of market conditions to raise additional capital for the Company.

Accordingly, the Directors recommend that all shareholders of the Company should vote in favour of the resolutions approving the grant of the General Mandate and the Repurchase Mandate to the Directors.

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

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate.

## 1. SHARE CAPITAL

As at 7 November 2003, being the latest practicable date (the “**Latest Practicable Date**”) prior to the printing of this circular, the issued share capital of the Company comprised 1,200,000,000 Shares.

Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate to the Directors and on the basis that no further Shares are allotted and issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 120,000,000 Shares.

## 2. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have general authority from its shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases of Shares will benefit the Company and its shareholders.

## 3. FUNDING OF REPURCHASES

Repurchase must be paid out of funds which are legally available for the purposes and in accordance with the memorandum and the articles of association of the Company and the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its memorandum and articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the Company or out of the Company’s share premium account, or, if so authorised by its memorandum and articles of association and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2002. However, the Directors do not intend to make any repurchases to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the twelve months immediately preceding the date of this circular, were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<i>2002</i>		
October	0.07	0.05
November	0.06	0.04
December ( <i>Note</i> )	0.04	0.04
<i>2003</i>		
January	<i>(Note)</i>	<i>(Note)</i>
February	<i>(Note)</i>	<i>(Note)</i>
March	<i>(Note)</i>	<i>(Note)</i>
April	<i>(Note)</i>	<i>(Note)</i>
May	<i>(Note)</i>	<i>(Note)</i>
June	<i>(Note)</i>	<i>(Note)</i>
July	<i>(Note)</i>	<i>(Note)</i>
August	<i>(Note)</i>	<i>(Note)</i>
September	<i>(Note)</i>	<i>(Note)</i>
October	<i>(Note)</i>	<i>(Note)</i>
November (up to Latest Practicable Date)	<i>(Note)</i>	<i>(Note)</i>

*Note:* At the direction of the Stock Exchange, trading of Shares on the Stock Exchange has been suspended with effect from 16 December 2002 to the date of this circular and will remain suspended pending further announcement.

#### 5. DISCLOSURE OF INTERESTS, THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of interests kept by the Company pursuant to section 336 of the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of the Laws of Hong Kong) and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 10% or more of the issued capital of the Company:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Advanced Technology International Holdings Limited (" <b>Advanced Technology</b> ") ( <i>Note 1</i> )	beneficial owner	696,000,000	58%
Score One Inc. ( <i>Note 1</i> )	interest of a controlled corporation	696,000,000	58%
I. World Limited ( <i>Note 1</i> )	interest of a controlled corporation	696,000,000	58%
Ho Wing Cheong ( <i>Note 1</i> )	interest of a controlled corporation	696,000,000	58%
Leung Wai Fun ( <i>Note 2</i> )	interest of spouse	696,000,000	58%

*Notes:*

1. 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 Ho Wing Cheong. Accordingly, each of Score One Inc., I. World Limited and Ho Wing Cheong is deemed to be interested in the Shares held by Advanced Technology under the SFO.
2. Leung Wai Fun, the wife of Ho Wing Cheong, is deemed to be interested in the Shares held by Ho Wing Cheong by virtue of the SFO.

Assuming that none of the substantial shareholders disposes of their Shares, if the Repurchase Mandate were exercised in full, the respective percentage shareholdings of the substantial shareholders before and after such repurchase would be as follows:

	Before repurchase	After repurchase
Advanced Technology ( <i>Note 1</i> )	58%	64.4%
Score One Inc. ( <i>Note 1</i> )	58%	64.4%
I. World Limited ( <i>Note 1</i> )	58%	64.4%
Ho Wing Cheong ( <i>Note 1</i> )	58%	64.4%
Leung Wai Fun ( <i>Note 2</i> )	58%	64.4%

*Notes:*

1. 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 Ho Wing Cheong. Accordingly, each of Score One Inc., I. World Limited and Ho Wing Cheong is deemed to be interested in the Shares held by Advanced Technology under the SFO.
2. Leung Wai Fun, the wife of Ho Wing Cheong, is deemed to be interested in the Shares held by Ho Wing Cheong by virtue of the SFO.

On the basis of the current shareholdings held by the substantial shareholders named above, an exercise of the repurchase mandate in full will not result in any of the shareholders referred to above obliged to make a mandatory offer under the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in less than 25 per cent. of the shares of the Company being held by the public.

## 6. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the twelve months preceding the date of this circular.

## 7. GENERAL

None of the Directors or, to the best of their knowledge and belief, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell to the Company or its subsidiaries any of the Shares if the Repurchase Mandate is approved at the Annual General Meeting and exercised.

No connected person of the Company has notified the Company that he/she/it has a present intention to sell any securities to the Company nor has any such connected person undertaken not to sell any of the securities held by him/her/it to the Company in the event that the Repurchase Mandate is granted.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of the Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the regulations set out in the memorandum and articles of association of the Company.