FU CHEONG INTERNATIONAL HOLDINGS LIMITED

富昌國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 916)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

RESULTS

The board of directors (the "Directors") of Fu Cheong International Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") (note 1) for the year ended 31 December 2003 together with comparative figures for the previous year as follows:

	Notes	**2003** *HK$'000*	2002 *HK$'000*
Turnover	*2*	**32,430**	172,397
Cost of sales		**(40,897)**	(136,770)
Gross (loss)/profit		**(8,467)**	35,627
Other revenue		**475**	317
Selling and distribution expenses		**(737)**	(897)
Administrative expenses		**(31,759)**	(15,864)
Other operating expenses		**(44,441)**	–
(Loss)/profit from operating activities		**(84,929)**	19,183
Finance costs	*2*	**(212)**	(386)
(Loss)/Profit before taxation		**(85,141)**	18,797
Taxation	*3*	**(1,329)**	(2,990)
(Net loss)/net profit from ordinary activities attributable to shareholders		**(86,470)**	15,807
Dividends	*4*	**–**	–
(Losses)/Earning per share	*5*		
Basic		**(7.2 cents)**	1.4 cents
Diluted		**N/A**	N/A

* *For identification purposes only*

Notes:

1. GROUP REORGANISATION AND BASIS OF PRESENTATION

The Company

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 23 May 2001 under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Group reorganisation

Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the listing of the Company's shares on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 March 2002, the Company became the holding company of the companies now comprising the Group on 6 March 2002 (the "Group Reorganisation"). This was accomplished by acquiring the entire issued share capital of Lassie Palace Limited ("Lassie Palace"), the intermediate holding company of the subsidiaries of the Group, in consideration of and in exchange for the allotment and issue of 10,000,000 ordinary shares of HK$0.01 each in the share capital of the Company, credited as fully paid, to the former shareholders of Lassie Palace, and the crediting as fully paid at par the existing 10,000,000 nil paid shares held by such shareholder.

Basis of presentation

The Group Reorganisation involved companies under common control. As the Group Reorganisation took place on 6 March 2002, according to the Hong Kong Statement of Standard Accounting Practice No. 2.127 "Accounting for Group Reconstructions", the Company together with its subsidiaries should only be regarded and accounted for as a continuing group in the preparation of the Group's financial statements commencing from the year ended 31 December 2003. All significant transactions and balance among the companies comprising the Group have been eliminated on combination.

2. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on combination.

No segmental information was disclosed as all of the Group's turnover were generated from the sales of printed circuit boards ("PCBs") to Hong Kong based electronic products manufacturers with production facilities in Guangdong Province, the People's Republic of China (the "PRC").

(Loss)/profit from operating activities is arrived at after charging depreciation charge of HK$16,172,000 (2002: HK$18,062,000).

3. TAXATION

The Group did not generate any assessable profits arising in Hong Kong during the year. However, the Group had provided HK$1.5 millions dollars deposit for Hong Kong tax of which was used for conditional stand over order-objection against notice of assessment for the year of assessment 1996/97 dated 7 May 2003 and 1997/98 dated 21 January 2004. Further provision will be made at the end of year 2004 if it is necessary.

Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2003	2002
	HK$'000	*HK$'000*
	(note 1)	*(note 1)*
Current year provision for elsewhere	**1,329**	2,990

There was no significant unprovided deferred tax liability in respect of the year (2002: Nil) for which provision has not been made.

4. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation.

5. (LOSSES)/EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit/(loss) attributable to shareholders for the year of approximately HK$(86,470,000) (2002: HK$15,807,000) and the weighted average of 1,200,000,000 (2002: 1,157,599,000) shares deemed to have been issued throughout the year.

There were no dilutive ordinary shares in existence for the two years ended 31 December 2003, and accordingly, no diluted earnings per share has been presented.

OPINION OF THE AUDITORS

Lam, Kwok, Kwan & Cheng C.P.A. Limited, the auditors of the Company (the "Auditors"), conducted their audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants except the scope of their audit was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

The Auditors planned and performed their audit so as to obtain all the information and explanations which they considered necessary in order to provide them with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. However, the evidence available to them was limited by the reason that approximately HK$2.2 million out of the total purchase of HK$13 million were settled by cash. For those cash payments, they were unable to obtain third parties evidence in supporting the delivery of cash except receipts and confirmations from the recipients.

In forming their opinion, the Auditors also evaluated the overall adequacy of the presentation of information in the financial statements. The Auditors believed that their audit provides a reasonable basis for their opinion.

QUALIFIED OPINION ARISING FROM LIMITATION OF AUDIT SCOPE

Except for any adjustments that might have been found to be necessary had the Auditors been able to obtain sufficient evidence for the matters referred to in the above paragraphs, in the opinion of the Auditors, the financial statements give a true and fair view, in all material respects, of the state of the Company's affairs as at 31 December 2003 and of its results and cash flow statement for the year then ended and have been properly prepared in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

In respect alone of the limitation on their work relating to the matters referred to in the above paragraphs, the Auditors have not obtained all the information and explanations that they considered necessary for the purpose of they audit.

FINANCIAL REVIEW

The Group's turnover and net loss attributable to the shareholders for the year ended 31 December 2003 amounted to approximately HK$32,430,000 and HK$86,470,000 represented a decrease of approximately 81% and 647%, respectively over the corresponding period in 2002. The basic earnings per share for the year under review were HK -7.2 cents.

The principal bankers of the Company required early settlement of short and middle term bank loans. Approximately HK$13 million had been fully settled at 30 September 2003. The Group had no outstanding bank loans as at 31 December 2003.

BUSINESS REVIEW

The Group manufactures PCBs in the PRC and sells products to electronics products manufacturers that are based in Hong Kong but with production facilities in the PRC.

In June 2003, the investment agreement entered into between the Group and the local government in Jiangyin was terminated by the local government because the Group could not inject adequate capital in accordance with the timetable of the projects. During the period of the outbreak of Severe Acute Respiratory Syndrome, in order to contain loss of the project, the management of the Company (the "Management") decided to turn down the whole project and sold some contracts under the project for RMB1 million. We believed that this alternative can mitigate the loss, stabilised the Group's finance situation and enable the Group to repay the bank loans. The Directors confirmed that approximately HK$45 million loss was realised at the third quarter of 2003.

Our PCB portfolio comprises five categories – carbon through hole paper phenolic, single-side PCB with carbon jumper, paper phenolic double-side plate through hole PCB, high-density PCB and mylar PCB (carbon/silver paste). Our products supplied to the manufacturers of toys, home appliances, electronic products, and office equipments.

In order to let the Company to be able to maintain the profitability of its business in the market, the Management is actively recombining the human resources and production line and stabilising the business so as to reach the goal of efficiency and effectiveness.

BUSINESS PROSPECTS

The global semiconductor industry will be in an upward stage in 2004, alike the year of 2000, according to the information of "PCBinfo.net". A lot of marketing research companies consider that the high season of this industry would be continuing to 2005. In 2004, there is no doubt that the global electronic industry will be in an upward situation. The Group is preparing to welcome this high season.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances as at 31 December 2003 were mostly held in Hong Kong dollars. As at 31 December 2003, the Group had no outstanding borrowings. The gearing ratio of the Group as at 31 December 2003, calculated as a ratio of total interest-bearing borrowings to total assets, was approximately 0%. Net current liabilities as at 31 December 2003 was approximately HK$27,294,000 and current ratio was maintained at a level of approximately 25%. As the Group's transactions are mostly settled by Hong Kong dollars, Renminbi, or Hong Kong dollars pegged currencies, the Group does not consider the use of financial instruments for hedging purposes is necessary.

CONTINGENT LIABILITIES

As at 31 December 2003, the Company provided corporate guarantees to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK$20 million. All bank facilities were settled at the end of 2003. All bank facilities and corporate guarantees were cancelled before April 2004.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2003, the Group had 3 staff working in Hong Kong. In addition, 262 workers were employed by the Group in the PRC at a factory located in Dongguan.

The Group remunerates its employees largely based on industry practice. Remuneration packages comprise salary, commissions and bonuses based on individual performance.

The Group operates a share option scheme for its employees and other eligible participants with a view to provide an incentive to or as a reward for their contribution to the Group. During the year ended 31 December 2003, no options were granted under the share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchase, sale or redemption of the listed shares of the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

AMENDMENTS TO ARTICLES OF ASSOCIATION

The Board has resolved to propose to the shareholders of the Company for their consideration and, if thought fit, approval at the forthcoming annual general meeting amendments to the articles of association of the Company as (i) certain amendments have been made to the Listing Rules as a result of which listed issuers are permitted, to the extent permitted under the applicable laws and regulations and their own constitutional documents and where the listed issuers have made adequate arrangements to ascertain the wish of their shareholders, to send or make available corporate communications (including the distribution of a summary of its financial reports) to their shareholders using electronics means and in either the English or the Chinese language and (ii) to ensure compliance with the requirements of the revised Appendix 3 to the Listing Rules which took effect on 31 March 2004. A circular containing, among others, further particulars of the proposed amendments to the articles of association of the Company will be despatched to the shareholders of the Company as soon as practicable.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A detailed announcement of annual results of the Group for the year ended 31 December 2003 containing all the information required by paragraph 45 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

DIRECTORS OF THE COMPANY AS AT THE DATE OF THIS ANNOUNCEMENT

Executive Directors:
Ho Wing Cheong
Ho Marjorie

Independent non-executive Directors:
Law Yau Tim
Shum Man Wah

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

Hong Kong, 19 April 2004

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