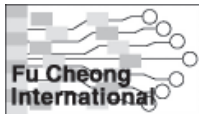


Fu Cheong International Holdings Limited

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FU CHEONG INTERNATIONAL HOLDINGS LIMITED **富昌國際控股有限公司** *

(Incorporated in Cayman Islands with limited liability)
(Stock Code: 916)

COMPANY'S UPDATE

and

CHARGES AGAINST THE DIRECTOR AND AN OFFICER BY THE "ICAC"

and

**RESIGNATION AND APPOINTMENT OF DIRECTORS AND QUALIFIED
ACCOUNTANT & COMPANY SECRETARY**

Financial Advisor

ASIAVEST PARTNERS

AsiaVest Investment Advisory Limited

COMPANY'S UPDATE

Pursuant to a "Warrant to enter and search" dated 13 December 2002, the officers of the ICAC have entered and searched 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 Cheong International Holdings Limited 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 were being seized by the officers of the ICAC for assisting the investigation by the ICAC in certain cases. Subsequently, the Company obtained back from ICAC the accounting records and ledgers for the preparation of the financial statements for the year ended 31 December 2002.

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The shares of the Company were suspended from trading on 16 December 2002 by the Stock Exchange of Hong Kong Limited for the inability to contact the Company and management for clarification of potential price sensitive information and the impact of the event on the Company.

On 17 December 2002, four officers, including two Executive Directors of the Company, Messrs Ho Wing Cheong the resigned Chairman of the Company and Ho Wing Hung, another Director who had resigned now and the Mr. Chan Wing Kui, the then Financial Controller were arrested by the ICAC together with 15 other persons who were not related to the Company. It was alleged against them that they were involved in suspected offences of corrupt transactions with agents, conspiracy to offer advantages and conspiracy to defraud.

The Executive Directors were discharged from bail by the ICAC on 8 and 9 September 2003 respectively.

The financial advisor submitted a resumption proposal for the Company on 24 June 2004. On 25 August 2004, the Stock Exchange replied to the Company (the "Letter") in respect of the resumption proposal after due consideration. In the Letter, the Stock Exchange highlighted that there had been allegations in relation to inaccurate information contained in the Prospectus (the "Allegations").

Details of which contained in the main text.

The Stock Exchange indicated that they are not in a position to proceed further with the Resumption Proposal until the Company can demonstrate to their satisfaction that it can fulfil the Additional Condition together with Rule 13.24 of the Listing Rules. Furthermore, the Stock Exchange indicated that they reserved the right to modify the conditions and may impose further conditions in the event of new development, a change in circumstances or change in the information provided.

A supplementary resumption proposal, detailing and submitting the account of work undertaken by independent persons, (details of which are disclosed in the main text), the compliance to Rule 13.24 and the Additional Conditions, based on information from the Company's record, was filed on 23 September 2004 to the Stock Exchange and this proposal is currently under the review by the Stock Exchange. The Stock Exchange indicated that the Company has yet to satisfy the additional condition as stated in the letter.

PROPOSED ISSUE OF CONVERTIBLE EXCHANGEABLE NOTE

On 25 October 2004 the Company entered into the Subscription Agreement pursuant to which the Subscriber has agreed to subscribe for the Convertible Exchangeable Note in the principal amount of HK\$2.38 million before expenses.

The Company was unable to satisfy the condition specified in the Agreement within the prescribed period, the Subscription Agreement was thereby lapsed on 5 December 2004.

CHARGES AGAINST THE EXECUTIVE DIRECTOR AND THE COMPANY SECRETARY BY THE "ICAC"

On 6 December 2004, Mr. Ho Wing Cheong, an Executive Director and Mr. Chan Wing Kui, the Company Secretary and Qualified Accountant were charged by the ICAC for conspiracy to defraud and contrary to Common Law. Two other individuals, Ms Kwok Shuk Wah, an Ex-director of the Company (resigned on 1 January 2003) and Mr. Li Wing Kei, a certified public accountant not involving with the affairs of the Company were also charged by the ICAC. The first court hearing was on 9 December 2004 and the second hearing of the case has been scheduled for 3 February, 2005.

RESIGNATION AND THE APPOINTMENT OF THE DIRECTORS

The Directors announced that Mr. Ho Wing Cheong resigned as the Executive Director with effect from 8 December 2004 due to personal reasons.

Messrs Tsao Ke Wen and Yip Shek Ling were elected as Executive Directors of the Group with effect from 8 December 2004.

Fu Cheong International Holdings Limited

RESIGNATION AND APPOINTMENT OF COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Wing Kui resigned as Qualified Accountant and Company Secretary of the Company with effect from 8 December 2004 due to personal reasons.

The Board further announces that the appointment of a Qualified Accountant and Company Secretary in compliance with the listing rule shall be made shortly.

SUSPENSION OF TRADING

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

UPDATES OF CURRENT POSITION OF THE COMPANY SINCE SUSPENSION:

Pursuant to a "Warrant to enter and search" dated 13 December 2002, the officers of the ICAC have entered and searched 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 Cheong International Holdings Limited 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 were being seized by the officers of the ICAC for assisting the investigation by the ICAC in certain cases. Subsequently, the Company obtained back from ICAC the accounting records and ledgers for the preparation of the financial statements for the year ended 31 December 2002.

The shares of the Company was suspended from trading by the Stock Exchange of Hong Kong Limited on 16 December 2002 as the management of the Company cannot be contacted for clarification of potential price sensitive information and the impact of the event on the Company.

On 17 December 2002, four officers, including two Executive Directors of the Company, Messrs Ho Wing Cheong, the resigned Chairman of the Company and Ho Wing Hung, another Director who had resigned now and Mr. Chan Wing Kui, the then financial controller were arrested by the ICAC together with 15 other persons not related to the affairs of the Company, but collectively were classified by the ICAC as "Sleeping Dragon". It was alleged against them that they were involved in suspected offences of corrupt transactions with agents, conspiracy to offer advantages and conspiracy to defraud.

As the result of the arrest of the key executives of the Company and the taking of possession of the accounting records of the Company by the ICAC, the Company was unable to publish the financial results of the group for the year ended 31 December 2002 and the interim results for the period ended 30 June 2003. On 29 September 2003, the Directors acknowledged that they have breached paragraph 8(1), 8(2), 10(1), 11(1) and 11(6) of the then Listing Agreement.

ICAC had subsequently discharged an incumbent director and one previous director of the Company from bail on 8 and 9 September 2003 respectively.

The principal banker of the Company including The Hong Kong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Dah Sing Bank, required early settlement of short and middle term bank loans. Approximately HK\$13 million had been fully settled at 23 September 2003 from internal resources. The Group had no outstanding bank loans as at 31 December 2003. A resumption proposal was submitted to the Stock Exchange by the financial advisor of the Company on 24 June 2004. On 25 August 2004, the Stock Exchange replied to the Company (the "Letter") in respect of the resumption proposal after due consideration. In the Letter, the Stock Exchange highlighted that there had been allegations in relation to inaccurate information contained in the Prospectus (the "Allegations"). These Allegations include:-

- The Chairman of the Company was under investigation by the ICAC for alleged bribery scam in relation to listing of the Company's shares on the Exchange; and
- The Chairman and other related parties were alleged to have engaged in conspiracy to defraud the Exchange by overstating the Group's turnover and profits during the track record period as disclosed in the Prospectus in order to meet the listing requirements prescribed under the Listing Rules.

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The Stock Exchange noted that no findings of fact have been made in respect of the Allegations to date. Accordingly, the Stock Exchange considered that the Allegations could potentially have a material impact on the Company's suitability to be listed on the Exchange and raise serious doubts about whether the Company obtained its listing by deception. In particular, the Allegations raise the possibility that inaccurate information concerning the Company's suitability to be listed was provided by the Company to the Exchange and the investing public and that the Company committed serious breaches of the Listing Rules and applicable laws and regulations at the time of initial listing of the Company's securities.

Against this background, the Stock Exchange stated that a valid resumption proposal, if implemented, would need to demonstrate that the Company complies with Rule 13.24 of the Listing Rules. In addition, a valid resumption proposal will require the Company to demonstrate its compliance with the Listing Rules and all applicable laws and regulations in Hong Kong and the Company's place of incorporation prior to the resumption of trading (the "Additional Condition"). The Stock Exchange indicated in their Letter that in the case of the Company, a valid resumption proposal should contain detailed account of work undertaken by independent persons to investigate and address the allegations and to substantiate the Company's compliance with all new listing requirements under the Listing Rules and applicable laws and regulations together with an analysis which can demonstrate the Company's suitability for listing at the time of listing and subsequently.

The Stock Exchange indicated that they are not in a position to proceed further with the Resumption Proposal until the Company can demonstrate to their satisfaction that it can fulfil the Additional Condition together with Rule 13.24 of the Listing Rules. Furthermore, the Stock Exchange indicated that they reserved the right to modify the conditions and may impose further conditions in the event of new development, a change in circumstances or change in the information provided.

A supplementary resumption proposal, detailing and submitting the account of work undertaken by independent persons, the compliance to Rule 13.24 and the Additional Conditions, based on information from the Company's record was filed on 23 September 2004 to the Stock Exchange. Summary of these works as follows:

1. Review of the contents of the "allegations" with Solicitors and Counsels advising the Company.
2. Review of all correspondences between ICAC and the Company up to 17 September 2004.
3. Review of all correspondences between the Stock Exchange and the Company up to 17 September 2004.
4. Independent search of legal charges registered against the Company or its director from 1 August 1995 to 31 August 2004 for Hong Kong District Court Actions and from 1 January 1980 to 31 August 2004 for Hong Kong High Court Proceedings and Bankruptcy Proceedings.
5. Review of the audited financial statements of the Company for the year ended 31 December 2002 and 31 December 2003.
6. The re-examination of each section of the "closing volume of principal legal document" including Prospectus, Legal opinions and approval, document with continuing application, other agreement, SEHK/CCASS documents (Stock Exchange / Central Clearing Settlement System), Board Minutes and shareholders' resolutions of the Company, Cayman Islands documents, Hong Kong Companies Registries, other documents.
7. Review of the interim financial statements for the period to 30 June 2004 to ensure that the company was neither
 - (i) been in financial difficulties to an extent which seriously impairs its ability to continue the core business or which had led to the suspension of some or all of its operations.
 - nor
 - (ii) had net liabilities as at the most recent balance sheet date.
8. Physical inspection of the operations and of the business in August 2004.

Based on the review, the Board considered that the legal documentation in possession did not reveal any current breaches of the Listing Rules or there were no registered breaches of any laws of Hong Kong by the Company.

Given the information ascertained up to 17 September 2004, the Board believed that the requests by the Stock Exchange was addressed.

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The Board had refrained from carried out any review of the “allegations” under advise from the Solicitor since the Company was not in possession of any legal documents to prove the allegations.

In accordance to the letter dated 11 October 2004 from the Stock Exchange, the Supplementary Resumption Proposal is currently under the review by the Stock Exchange. The Stock Exchange indicated that the Company has yet to satisfy the Additional Condition as stated in the letter.

PROPOSED ISSUE OF CONVERTIBLE EXCHANGEABLE NOTE

The agreement

On 25 October 2004, the Company had entered into the Subscription Agreement pursuant to which the Subscriber has agreed to subscribe for the Convertible Exchangeable Note in the principal amount of HK\$2.38 million.

The Subscriber is not connected with, the directors, chief executive and substantial shareholders of the Company or its subsidiaries, or an associate of any of them (as defined in the Listing Rules). The issue of the Convertible Exchangeable Note and upon full conversion of the Note into Convertible Share of the Company, will result in the introduction of a new substantial shareholder of the Company. Completion of the Agreement is conditional on granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Conversion Shares being satisfied.

The Company was unable to satisfy the condition specified in the Agreement within the prescribed period, the Subscription Agreement was thereby lapsed on 5 December 2004.

CHARGES AGAINST THE EXECUTIVE DIRECTOR AND THE COMPANY SECRETARY BY THE “ICAC”

On 6 December 2004, Mr. Ho Wing Cheong, an Executive Director and Mr. Chan Wing Kui, the Company Secretary and Qualified Accountant charged by the ICAC for conspiracy to defraud and contrary to Common Law. Two other individuals, Ms Kwok Shuk Wah, a previous director of the Company (resigned on 1 January 2003) and Mr. Li Wing Kei, a certified public accountant not involving with the affairs of the Company were also charged by the ICAC. The first court hearing was on 9 December 2004 and the second hearing of the case has been scheduled for 3 February, 2005.

ICAC laid charges against Mr. Ho Wing Cheong, the Executive Director of the Company and Mr. Chan Wing Kui, the specific of these charges are as follows:

- (1) Mr. Ho Wing Cheong and Chan Wing Kui, between 1 day of February 2001 and 27 day of March 2002, in Hong Kong conspired together and with other persons, to defraud the Stock Exchange by dishonestly.
- (2) Mr. Ho Wing Cheong and Chan Wing Kui, between 1 day of February 2001 and 22 day of April 2002, in Hong Kong conspired together and with other persons, to defraud the shareholders, investors and creditors of the Group and the Stock Exchange by dishonestly.
- (3) Mr. Ho Wing Cheong, between 10 day of December 1998 and 14 day of July 2001, in Hong Kong conspired together and with other persons, to defraud the related Banks in Hong Kong by dishonestly.
- (4) Mr. Ho Wing Cheong and Chan Wing Kui, between 1 day of July 2001 and 4 day of August 2001, in Hong Kong conspired together and with other persons, to defraud the related Bank by dishonestly.

A special committee consisted of the two Directors, Mr. Tsao Ke Wen (appointed 8 December 2004) and Ms. Marjorie Ho (appointed 18 February 2004) and two independent non-executive directors, Mr. Lum Pak Sum (appointed 24 September 2004) and Mr. Shum Man Wah (appointed 18 July 2004) was formed to examine the allegations and charges against these past officers of the Company, and its impact to the Group. This committee shall re-examine the request of “Additional Condition” stipulated by the Stock Exchange in their letter dated 25 August 2004 after consultation with the Company’s lawyer and be carried out in accordance with the Laws of Hong Kong. Appropriate announcement based on the result of continuous findings shall be made in due course to ensure compliance with Listing Rules, Regulations and the Laws of Hong Kong. The Directors in this special committee were not officers of the Company at the time of the initial public offering.

The Board is of the opinion that there shall not be any immediate impact to the operations of the Company. Up to the date of this announcement, the Company is able to honour its obligations as they fall due. The Board does not anticipate financial difficulties in the foreseeable future but shall make appropriate announcement when condition changed. The Board shall continue to operate the businesses of the Group to the best of their abilities.

Fu Cheong International Holdings Limited

RESIGNATION OF THE DIRECTORS

The board of directors (the "Directors") of the Company announces that Mr. Ho Wing Cheong resigned as the Executive Director with effect from 8 December 2004 in order to devote more time to defend the charges against him. Mr. Ho has confirmed that there is no disagreement with the Board and there is no other matter, save and except the charges made by ICAC which needs to be brought to the attention of the Shareholders of the Company or the Stock Exchange in relation to his resignation. Mr. Ho shall remain as an advisor to the Group's operations by providing consultancy services on productions, quality control, sales and marketing. The Directors would like to express their gratitude to Mr. Ho for his contributions during his services with the Company.

The Board further announces that Messrs Calvin Tsao Ke Wen and Yip Shek Ling have been appointed as Executive Directors of the Company with effect from 8 December 2004.

Mr. Calvin Tsao Ke Wen aged 41 graduated with the degree of Bachelor of Science (Economic) from the University of Buckingham, United Kingdom in 1986. Mr. Tsao had extensive experience in business, financial and China investments. He began his career with Horwath & Horwath in 1986 and was a Director of XXI Century Investments Company Limited between 1993 to 1995 and was a Director of Dynamic Global Holdings Limited from 1998 to 2002, a listed company in Hong Kong with investment in China, including Xiamen, Shanghai and Harbin.

Mr. Tsao resigned as Executive Director of Dynamic Global Holdings Limited (231) on 1 November 2002. Except the above, Mr. Tsao did not hold directorship in other listed public companies in the last three years before the date of appointment.

Mr. Tsao had not previously held any positions with the Company and other members of the Group. He has no relationship with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Tsao does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Tsao has not entered into any Director contract with the Company and there is no fixed term of service with the Company, including emolument which will be set by the Board and further announcement will be made once fixed. Mr. Tsao's directorship with the Company is subject to the retirement by rotation and re-election in accordance with the articles of association of the Company.

Mr. Yip Shek Ling aged 39 was engaged in property development in China since 1991. Between 1993 to 1994 he was an officer of an industry development zone in Dongguan. He joined a "Kwok Lung Manufacturing Company Limited" as factory Manager in 1994 to July 1995. He was appointed the factory Manager of the Dongguan Fortune PCB Factory Company Limited since October 1995.

Mr. Yip did not hold directorship in other listed Companies in the last three years before the date of appointment. Mr. Yip had not previously held any director positions with the Company and other members of the Group. He has no relationship with any directors, senior management or substantial or controlling shareholders of the Company except being an employee since 1995. Mr. Yip does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Yip has not entered into any service contract with the Company and there is no fixed term of service with the Company, including emolument which will be set by the Board and further announcement will be made once fixed. Mr. Yip's directorship with the Company is subject to the retirement by rotation and re-election in accordance with the articles of association of the Company.

RESIGNATION AND APPOINTMENT OF COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

The board of directors announces that due to ICAC laid charges against this officer, Mr. Chan Wing Kui has resigned as Qualified Accountant and Company Secretary of the Company with effect from 8 December 2004. There is no matter in relation to the resignation that needs to be brought to the attention of shareholders of the Company.

The Board acknowledges temporarily breach of the Listing Rule 3.24 and Rule 8.17 after the resignation of Mr. Chan Wing Kui and further announcement of the appointment of a Qualified Accountant and Company Secretary in compliance with the listing rule shall be made shortly.

Fu Cheong International Holdings Limited

BUSINESS OF THE GROUP

The Principal activity of the Company is investment holding. The subsidiaries are engaged in the sales of PCBs to Hong Kong based electronic products manufacturers and with production facilities in Guangdong Province, the PRC.

SUSPENSION OF TRADING

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

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday) on which banks are open for business in Hong Kong
“Company”	Fu Cheong International Holdings Limited
“Convertible Exchangeable Note”	the convertible exchangeable note in the aggregate principal amount of HK\$2.38 million to be issued by the Company
“Conversion Shares”	the Shares to be issued upon conversion of the Convertible Exchangeable Note
“Directors”	the directors of the Company
“Financial Advisor”	AsiaVest Investment Advisory Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“ICAC”	Independent Commission Against Corruption
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Listing Agreement”	The Agreement entered between the Company and the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Crown Yield Development Limited, a company incorporated in the British Virgin Islands who is not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules)
“Subscription Agreement”	the subscription agreement dated 25 October 2004 entered into between the Company and the Subscriber in connection with the issue of the Convertible Exchangeable Note
“HK\$”	Hong Kong dollars
“%”	per cent.

By Order of the Board
Marjorie Ho
Director

Hong Kong, 13 December, 2004

Fu Cheong International Holdings Limited

The Directors of the Company are:

Executive Directors

HO Marjorie
Tsao Ke Wen
Yip Shek Ling

Independent Non-Executive Directors

Law Yau Tim
SHUM Man Wah
Lum Pak Sum

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification only*

Please also refer to the published version of this announcement in China Daily dated 14 December 2004.