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Flyrich Resources Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

FX Creations International Holdings Limited
豐盛創意國際控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8136)

JOINT ANNOUNCEMENT

- (1) Acquisition of Shares in the Company by Flyrich Resources Limited**
(2) Mandatory conditional cash offer

by



Kingston Securities Limited

on behalf of

Flyrich Resources Limited
for all the issued Shares in FX Creations International Holdings Limited
(other than those Shares already owned by
Flyrich Resources Limited and Parties acting in concert with it)

Joint financial advisers
to Flyrich Resources Limited



INCUB Corporate Finance Limited



Kingston Corporate Finance Limited

THE SALE AND PURCHASE AGREEMENT AND MANDATORY CONDITIONAL CASH OFFER

On 8 March 2006, Flyrich and Wise New entered into the Sale and Purchase Agreement pursuant to which Flyrich agreed to purchase and Wise New agreed to sell 204,000,000 Shares, representing approximately 44.30% of the entire issued share capital of the Company at the date of this announcement, from Wise New for a total consideration of HK\$6,120,000 (equivalent to HK\$0.03 per Share. The Sale and Purchase Agreement was completed on 8 March 2006.

* For identification purpose only

Immediately before the signing of the Sale and Purchase Agreement, Flyrich and Parties acting in concert with it did not have any shareholding interests in the Company. As a result of the Share Purchase, Flyrich is required to make a mandatory conditional cash offer for all the issued Shares (other than those Shares already owned by Flyrich and Parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

The Offer is conditional upon Flyrich having received acceptances of the Offer which, together with the Shares already owned by Flyrich and Parties acting in concert with it before or during the offer period, will result in Flyrich and Parties acting in concert with it holding more than 50% of the voting rights of the Company.

The terms of the Offer are set out under the section headed “Mandatory conditional cash offer” below. Both INCU and Kingston Corporate Finance are satisfied that there are sufficient financial resources available to Flyrich to meet the full acceptance of the Offer.

GENERAL

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, Flyrich and Parties acting in concert with it are required to despatch an offer document in relation to the Offer. Flyrich and the Company will combine the offer document and the Company’s response document and despatch a composite document to the Shareholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders in respect of the Offer and the letter from the independent financial adviser containing its recommendation and advice to the Independent Board Committee and Independent Shareholders in respect of the Offer, together with forms of acceptance and transfer, within such period. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer. Further announcement of such appointment will be made once the independent financial adviser is appointed.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 8 March 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 March 2006.

Warning:

Shareholders and investors are advised to exercise extreme caution in dealing in the Shares as the Offer may or may not become unconditional (see “Condition of the Offer” below). Further announcement will be made by the Company regarding the Offer as and when appropriate.

THE SALE AND PURCHASE AGREEMENT

Date: 8 March 2006

Vendor: Wise New

Purchaser: Flyrich

Warrantors: Mr. Ng and Mr. Ong

Number of Shares: 204,000,000 Shares which were acquired by Flyrich free from all claims, charges, liens, encumbrances, equities and third party rights and together with all rights attaching thereto on or after the date of the Sale and Purchase Agreement

Consideration and completion: HK\$6,120,000 being HK\$0.03 for each Share, which was negotiated and determined on arm's length basis between Wise New and Flyrich and was paid in full by cash on the date of Sale and Purchase Agreement on 8 March 2006.

The Share Purchase was completed simultaneously upon signing of the Sale and Purchase Agreement.

MANDATORY CONDITIONAL CASH OFFER

Immediately before the signing of the Sale and Purchase Agreement, Flyrich and Parties acting in concert with it did not have any shareholding interests in the Company. Following completion of the Share Purchase, Flyrich and Parties acting in concert with it own an aggregate of 204,000,000 Shares, representing 44.30% of entire issued share capital of the Company. Flyrich and Parties acting in concert with it are therefore required to make a mandatory conditional cash offer for all the issued Shares (other than those Shares already owned by Flyrich and Parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, there are 460,504,000 Shares in issue. Taking into account the 204,000,000 Shares held by Flyrich and Parties acting in concert with it, 256,504,000 Offer Shares will be subject to the Offer.

As at the date of this announcement, there are no outstanding warrants or share options or securities convertible into shares of the Company.

Save for the Shares acquired under the Sale and Purchase Agreement, there has been no dealings in the Shares by Flyrich and Parties acting in concert with it during the six-month period prior to the date of the Sale and Purchase Agreement.

The Offer will be made on the terms set out below.

Principal terms of the Offer

Kingston Securities will, on behalf of Flyrich, make the Offer in compliance with the Takeovers Code on the following basis:

for each Offer Share HK\$0.03 in cash

Condition of the Offer

The Offer is conditional upon Flyrich having received acceptances of the Offer which, together with the Shares already owned by Flyrich and Parties acting in concert with it before or during the offer period, will result in Flyrich and Parties acting in concert with it holding more than 50% voting rights of the Company.

Flyrich does not intend to extend the period of the Offer if the above acceptance condition is not fulfilled by the first closing date of the Offer.

Comparison of value

The price of HK\$0.03 for each Offer Share is the same as the consideration for each Share acquired under the Sale and Purchase Agreement and such price represents:

- (a) a discount of 82.4% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 82.1% to the average closing price of approximately HK\$0.168 per Share for the 5 trading days up to and including the Last Trading Day;
- (c) a discount of approximately 83.4% to the average closing price of approximately HK\$0.181 per Share for the 10 trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 3.45% over the unaudited consolidated net asset value per Share of approximately HK\$0.029 as at 30 September 2005 based on the interim report 2005/06.

Financial resources

As at the date of this announcement, there are 460,504,000 Shares in issue. Based on the offer price of HK\$0.03 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$13.82 million and all the 256,504,000 Offer Shares under the Offer are valued at approximately HK\$7.695 million. Both INCU and Kingston Corporate Finance are satisfied that there are sufficient financial resources available to Flyrich to meet the full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the accepting Shareholders will sell their Shares and all rights attached to them.

Settlement of the consideration

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part of thereof) of the amount payable in respect of relevant acceptances will be deducted from the amount payable to the Shareholders who accept the Offer. Flyrich will then pay such stamp duty deducted to the stamp office of the Inland Revenue Department of Hong Kong on behalf of such Shareholders who accept the Offer.

Subject to the Offer becoming unconditional, the amount due to the Shareholders who accept the Offer shall be paid by Flyrich to such Shareholders as soon as possible but in any event within 10 days of the

later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptances in accordance with the Takeovers Code.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its Shares are listed on GEM. The Group is principally engaged in retail sales and wholesale of bags and accessories under its brandname.

Based on the third quarterly report of the Company, the unaudited net loss of the Group for the nine months ended 31 December 2005 was approximately HK\$285,000 and the unaudited consolidated net asset value of the Group as at 30 September 2005 was approximately HK\$11.75 million. The audited consolidated net loss and net profit attributable to Shareholders for the years ended 31 March 2005 and 31 March 2004 were approximately HK\$10.05 million and HK\$0.75 million respectively. As at 31 March 2005, the audited consolidated net asset value of the Group was approximately HK\$11.81 million.

The following table sets out the shareholding structure of the Company immediately before and after the completion of the Share Purchase but before the Offer:

	Immediately before completion of the Share Purchase		Immediately after the completion of the Share Purchase but before the Offer	
	<i>No. of Shares</i>	<i>% (approx.)</i>	<i>No. of Shares</i>	<i>% (approx.)</i>
Flyrich and Parties acting in concert with it (<i>Note 1</i>)	0	0	204,000,000	44.30
Wise New (<i>Note 2</i>)	204,000,000	44.30	0	0
Top Accurate Limited (<i>Note 3</i>)	76,000,000	16.50	76,000,000	16.50
Public	180,504,000	39.20	180,504,000	39.20
Total	<u>460,504,000</u>	<u>100</u>	<u>460,504,000</u>	<u>100</u>

Notes:

1. These Shares are beneficially owned by Flyrich, a company wholly owned by Mr. Wong.
2. These Shares are owned by Wise New, a company beneficially owned as to 45% by Cashtram, as to 30% by FXHI and as to 25% by Forge Smart. Mr. Ng, holds 40% and 100% equity interest in Cashtram and Forge Smart respectively. Mr. Ho Kai Chung, David, Madam Ho Pui Lai and Mr. Tan Yu, Wally hold 30%, 20% and 10% equity interest in Cashtram respectively. Mr. Wong Wai Shan holds 100% equity interest in FXHI.

On 20 June 2005, the 204,000,000 Shares held by Wise New were pledged in favour of Corkwood Enterprises Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by Mr. Lau Kim Hung, Jack, who accordingly, had a long position in these 204,000,000 Share under the SFO. The 204,000,000 Shares pledged have been released upon completion of the Share Purchase.

3. These Shares are owned by Top Accurate Limited, a company wholly and beneficially owned by Mr. Ma She Shing, Albert, a third party independent of the Company and Flyrich and their connected persons as defined in the GEM Listing Rules and not Parties acting in concert with the Company and Flyrich and Parties acting in concert with them as defined in the Takeovers Code.

INFORMATION ON FLYRICH

Flyrich is an investment holding company incorporated in the British Virgin Islands with limited liability on 11 January 2005 and is wholly owned by Mr. Wong. Flyrich and Mr. Wong are third parties independent of the Company and its connected persons. Other than the entering into of the Sale and Purchase Agreement, Flyrich has not conducted any business since its incorporation.

Mr. Wong, aged 57, is a merchant and has over 17 years of experience in a private industrial company engaging in the manufacturing of leather goods including handbags, belts and wallets in the PRC and trading of these leather goods in Hong Kong and overseas markets. He is also engaged in the investment of real estates in Hong Kong. Mr. Wong is currently the executive director of the private company and is responsible for the company's investment and management functions including property investment and planning, asset management, property strategic marketing and management as well as financial and corporate administration.

INTENTION OF FLYRICH REGARDING THE GROUP

It is the intention of Flyrich that the existing principal activities of the Group will remain unchanged immediately after the close of the Offer. Flyrich has no intention to dispose of or re-deploy the assets of the Group other than in the ordinary course of business and to inject its assets into the Group. Following completion of the Share Purchase and following the close of the Offer, Flyrich intends to conduct a review of the Group's financial position and operations with a view to broadening and expanding the scope of business of the Group and will formulate a long-term strategy and plans for the Group. Although there is no concrete plan to alter the existing principal activities of the Group at the date of this announcement, it is expected that by virtue of the experience of Mr. Wong in the manufacturing of leather goods and his marketing network, synergistic effect and more business opportunities would be brought to the existing business of the Group by the Offeror.

In addition, with his extensive experience in managing leather goods business, the Group believes that Mr. Wong will have sufficient experience in managing the Group's business. Save as disclosed above, it is the intention of Flyrich that there will be no material change in the existing management and employees of the Group following the close of the Offer to ensure a smooth transition.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Currently, the Board comprises four executive Directors and three independent non-executive Directors. As at the date of this announcement, the Company's executive Directors are Mr. Ng, Mr. Ong, Mr. Chan Ping Kuen Francis and Mr. Chan Man Yin and the Company's independent non-executive Directors are Mr. Lee Kun Hung, Mr. Wong Hou Yan, Norman and Mr. Cheung Chi Hwa. It is expected that Mr. Ng and Mr. Ong will resign and such resignation will take effect in full compliance with Rule 7 of the Takeovers Code. In addition, Flyrich intends to nominate Mr. Wong to be an executive Director. The appointment of the aforesaid Director will not take effect earlier than the date of posting of the composite document to be issued by Flyrich in connection with the Offer in compliance with Rule 26.4 of the Takeovers Code. Further announcement will be made upon the appointment and resignation of the Directors in compliance with the GEM Listing Rules and the Takeovers Code.

Biographical details of Mr. Wong are set out under the sectional headed “Information on Flyrich” in this announcement.

Apart from the above, Mr. Wong is not connected with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He does not have any interests in the securities of the Company except for the Shares under the Share Purchase within the meaning of Part XV of the SFO. Mr. Wong did not hold directorship in any other listed public company in the last three years before the appointment.

There is no service contract between Mr. Wong and the Company. Mr. Wong’s appointment is subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. Mr. Wong’s remuneration as a Director has not yet been determined and will be considered and determined by the Board with reference to the Company’s remuneration policy and guidelines adopted by the remuneration committee of the Company and the prevailing market rate and further announcement will be made once it is so determined. No public sanctions have been made against Mr. Wong by statutory or regulatory authorities. He has not at any time been adjudged bankrupt or insolvent and he has not at any time been a party to a deed of arrangement or entered into any form of arrangement or composition with his creditors.

There are no unsatisfied judgments or court orders of continuing effect against Mr. Wong. No company has been dissolved or put into liquidation (otherwise than by a members’ voluntary winding up when the company was solvent) or bankruptcy or been the object of an analogous proceeding, or entered into any form of arrangement or composition with creditors, or had a receiver, trustee or similar officer appointed over it during the time that Mr. Wong was one of its directors or within 12 months after his ceasing to act as one of its directors.

Mr. Wong has not been convicted of any offence and he has not, at any time, been identified as an insider dealer or found guilty of or been involved in insider dealing pursuant to Parts XIII or XIV of the SFO and neither has any enterprise, company or unincorporated business enterprise with which he was or is connected or any enterprise, company or unincorporated business enterprise for which he acts or has acted as an officer, supervisor or manager has been identified as an insider dealer or been found guilty of or been involved in insider dealing pursuant to Parts XIII or XIV of the SFO at any time during the period when he was connected and/or acted as an officer, supervisor or manager.

Mr. Wong has not been adjudged by a court or arbitral body civilly liable for any fraud, breach of duty or other misconduct by him towards an enterprise, company, partnership or unincorporated business enterprise or institution in connection with its formation or management or any of its members or partners. No enterprise, company, partnership or unincorporated business or enterprise of which Mr. Wong was or is a partner, director, supervisor or manager has had its business registration or license revoked at any time during the period when he was one of its partners, directors, supervisors or managers. Mr. Wong has not at any time been disqualified from holding or deemed unfit to hold, the position of director, supervisor or manager of an enterprise, a company or an unincorporated business enterprise, or from being involved in the management or conduct of the affairs of any enterprise, company or unincorporated business enterprise. There is no investigation by any judicial, regulatory or governmental authority to which Mr. Wong is subject to.

Mr. Wong has not any time been refused admission to membership of any professional body or been censured or disciplined by any such body to which he belongs or belonged or been disqualified from membership in any such body or has at any time held a practicing certificate or any other form of professional certificate or license subject to special conditions.

Mr. Wong is not now or has at any time been a member or a triad or other illegal society. Mr. Wong is not currently subject to (i) any investigation, hearing or proceeding brought or instituted by any securities regulatory authority, including the Hong Kong Takeovers Panel or any other securities regulatory commission or panel, or (ii) any judicial proceeding in which violation of any securities law, rule or regulation is or was alleged.

Mr. Wong is not a defendant in any current criminal proceeding involving an offence which may be material to an evaluation of his character or integrity to be a director or supervisor of the issuer. Finally, there is no other matter that needs to be brought to the attention to the shareholders of the Company in respect of Mr. Wong's appointment.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Flyrich intends that the Company will remain listed on GEM after the close of the Offer. The sole director of Flyrich and the new director to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading in the Shares; or**
- **there are insufficient Shares in public hands to maintain an orderly market,**

it will consider exercising its discretion to suspend trading in the Shares.

The Stock Exchange has also stated that, if the Company remains a listed company, any further injection of assets into or disposal of assets of the Company will be subject to the provisions of the GEM Listing Rules. Pursuant to the GEM Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to its Shareholders where any acquisition or disposal by the Company is proposed, irrespective of the size of such acquisition or disposal and in particular when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the GEM Listing Rules to aggregate a series of acquisition or disposal and any such acquisition or disposal may, in any event result in the Company being treated as if it were a new applicant for listing and subject to the requirements for new applicants as set out in the GEM Listing Rules.

GENERAL INFORMATION

INCUB and Kingston Corporate Finance have been appointed as the joint financial advisers to Flyrich in relation to the Offer.

“Company”	FX Creations International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“Flyrich” or “Offeror”	Flyrich Resources Limited which, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Wong
“Forge Smart”	Forge Smart Investments Limited, a company wholly owned by Mr. Ng
“FXHI”	FX Creations (Holdings) Inc., a company wholly owned by Mr. Wong Wai Shan
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INCU”	INCU Corporate Finance Limited, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under SFO
“Independent Board Committee”	a committee of the Board comprising the three independent non-executive Directors constituted to advise the Independent Shareholders in connection with the Offer
“Independent Shareholders”	shareholders other than Flyrich and Parties acting in concert as defined in the Takeovers Code
“Kingston Corporate Finance”	Kingston Corporate Finance Limited,, a licensed corporation permitted to carry out type 6 regulated activity (advising on corporate finance) under SFO
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Last Trading Day”	the trading day immediately prior to the suspension of trading in the Shares on 7 March 2006
“Mr. Wong”	Mr. Wong Wing Cheung, Peter, a third party independent of the Company and its connected persons
“Mr. Ng”	Mr. Ng Pak To, Petto, the executive Director and the chairman of the Company
“Mr. Ong”	Mr. Ong Chor Wei, the executive Director
“Offer”	the mandatory conditional cash offer to be made by Kingston Securities, on behalf of Flyrich, to acquire all the issued Shares (other than those Shares already owned by Flyrich and Parties acting in concert with it)
“Offer Share(s)”	issued Share(s) other than those already owned by Flyrich and Parties acting in concert with it
“Party(ies) acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Sale and Purchase Agreement”	the agreement dated 8 March 2006 entered into between, among others, Wise New and Flyrich in relation to the purchase of 204,000,000 Shares, representing approximately 44.30% of the entire issued share capital of the Company, from Wise New by Flyrich for a total consideration of HK\$6,120,000
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase”	the purchase of 204,000,000 Shares from Wise New by Flyrich in accordance with the terms and condition of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Warrantors”	Mr. Ng and Mr. Ong
“Wise New”	Wise New Management Limited which is beneficially owned as to 45% by Cashtram, as to 30% by FXHI and as to 25% by Forge Smart

“HK\$” and “cents” Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“%” per cent.

By order of the board of
Flyrich Resources Limited
Wong Wing Cheung, Peter
Sole director

By order of the board of
FX Creations International Holdings Limited
Ng Pak To, Petto
Chairman

Hong Kong, 8 March 2006

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Ng, Mr. Ong, Mr. Chan Ping Kuen, Francis and Mr. Chan Man Yin and three independent non-executive Directors, namely, Mr. Lee Kun Hung, Mr. Wong Hou Yan, Norman, and Mr. Chan Chi Hwa.

The sole director of Flyrich accepts full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of his 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to Flyrich, the terms and conditions of the Offer and Flyrich’s intention regarding the Group) and confirm, having made all reasonable enquiries, 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 statements in this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least 7 days from its date of publication.