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## **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)**

### **PROPOSED OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE AND RESUMPTION OF TRADING**

**Financial adviser to FX Creations International Holdings Limited**



**KINGSTON CORPORATE FINANCE LIMITED**

**Underwriters to the Open Offer**



**KINGSTON SECURITIES LIMITED**



**華富嘉洛證券有限公司  
Quam Securities Company Limited**

#### **PROPOSED OPEN OFFER**

The Company proposes to raise not less than approximately HK\$13.95 million and not more than approximately HK\$14.96 million before expenses, by way of Open Offer of new Shares, which is not less than 232,552,000 Offer Shares and not more than 249,302,000 Offer Shares at a price of HK\$0.06 per Offer Share on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on acceptance. Qualifying Shareholders are entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

\* For identification purpose only

As at the date of this announcement, there are an aggregate of 38,100,000 outstanding Options eligible for exercise on or before the Latest Lodging Date to subscribe for up to an aggregate of 38,100,000 Shares at a subscription price of HK\$0.163 per Share (subject to adjustment). Mr. Wong has irrevocably undertaken with the Company and the Underwriters to exercise his 4,600,000 Options in full before the Latest Lodging Date.

In the event that no subscription rights attaching to the Options (except those 4,600,000 Options being held by Mr. Wong) are exercised and Shares are issued and allotted pursuant to such exercise before the Latest Lodging Date, the number of Shares in issue will be 465,104,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will be 232,552,000 Offer Shares. In the event that all of the subscription rights attaching to the 38,100,000 Options are exercised and Shares are issued and allotted pursuant to such exercise before the Latest Lodging Date, the number of Shares in issue will increase to 498,604,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will increase to 249,302,000 Offer Shares.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Tuesday, 13 June 2006 and the Shareholders are not Prohibited Shareholders. The register of members of the Company will be closed from Wednesday, 14 June 2006 to Monday, 19 June 2006, both dates inclusive, to determine the eligibility of the Open Offer.

Pursuant to the Underwriting Agreement, Mr. Wong has irrevocably undertaken (i) to exercise all his 4,600,000 Options to subscribe for 4,600,000 Shares before the Latest Lodging Date; and (ii) to subscribe or procure the subscription of 102,000,000 Offer Shares and 2,300,000 Offer Shares to be allotted to Flyrich and/or any of its associates and him respectively pursuant to the Open Offer. The Underwriters have conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by Flyrich and Mr. Wong) which have not been taken up and fully-paid. Accordingly, the Open Offer is fully underwritten.

The estimated net proceeds from the Open Offer will be approximately HK\$12.45 million (assuming no Options are being exercised (except those 4,600,000 Options being held by Mr. Wong) before the Latest Lodging Date) or HK\$13.46 million (assuming all the Options are being exercised before the Latest Lodging Date). The Board intends to apply approximately HK\$11.45 million to HK\$12.46 million for suitable investments to be made promptly as and when opportunities arise, and the balance of approximately HK\$1.0 million towards the general working capital of the Group.

#### **WARNING OF THE RISK OF DEALING IN THE SHARES**

**The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Open Offer may or may not proceed.**

**The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 12 June 2006 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Friday, 7 July 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

#### **TERM OF LETTER OF APPOINTMENT OF MR. WONG**

Mr. Wong has entered into a letter of appointment with the Company for a term of one year as an executive Director, an authorised representative, the chairman and the compliance officer of the Company with effect from 1 April 2006 or 19 April 2006 (as the case may be).

#### **GENERAL**

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 24 May 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 26 May 2006.

#### **PROPOSED OPEN OFFER**

##### **Issue statistics**

Basis of the Open Offer	:	One Offer Share for every two existing Shares held on the Record Date and payable in full on application
Subscription Price	:	HK\$0.06 per Offer Share
Number of Shares in issue as at the date of this announcement	:	460,504,000 Shares
Number of Offer Shares	:	Not less than 232,552,000 Offer Shares and not more than 249,302,000 Offer Shares

- Number of Offer Shares undertaken to be taken up by Flyrich and Mr. Wong : Pursuant to the Underwriting Agreement, Mr. Wong has irrevocably undertaken to subscribe or procure the subscription of the 102,000,000 Offer Shares to be allotted to Flyrich and/or any of its associates and 2,300,000 Offer Shares to be allotted to him for the 4,600,000 Shares to be issued to him upon the exercise of his 4,600,000 Options
- Number of Offer Shares underwritten by the Underwriters : Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite not less than 128,252,000 Offer Shares and not more than 145,002,000 Offer Shares (of which Kingston Securities underwrites not less than 78,252,000 Offer Shares and not more than 95,002,000 Offer Shares in the first place and Quam Securities underwrites the remaining Offer Shares of not more than 50,000,000)
- Number of Shares in issue upon completion of the Open Offer : Not less than 697,656,000 Shares and not more than 747,906,000 Shares

As at the date of this announcement, there are an aggregate of 38,100,000 outstanding Options eligible for exercise on or before the Latest Lodging Date to subscribe for up to an aggregate of 38,100,000 Shares at a subscription price of HK\$0.163 per Share (subject to adjustment). Mr. Wong has irrevocably undertaken with the Company and the Underwriters to exercise his 4,600,000 Options in full before the Latest Lodging Date. As at the date of this announcement, the Directors have indicated that they have no intention to make any excess application for the Offer Shares under the Open Offer.

In the event that no subscription rights attaching to the Options (except those 4,600,000 Options being held by Mr. Wong) are exercised and Shares are issued and allotted pursuant to such exercise before the Latest Lodging Date, the number of Shares in issue will be 465,104,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will be 232,552,000 Offer Shares. In the event that all of the subscription rights attaching to the 38,100,000 Options are exercised and Shares are issued and allotted pursuant to such exercise before the Latest Lodging Date, the number of Shares in issue will increase to 498,604,000 Shares and the number of Offer Shares which may be issued pursuant to the Open Offer will increase to 249,302,000 Offer Shares.

Save for the Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement and has no intention to issue any new Shares or any of the above securities before the Latest Time for Acceptance.

## **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not being Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Tuesday, 13 June 2006. Holders of outstanding Options who wish to participate in the Open Offer should exercise their Options in accordance with their respective terms no later than 4:00 p.m. on Tuesday, 13 June 2006. The address of the Registrar is:

Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East, Wanchai, Hong Kong

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not in the best interest of the Company and the Shareholders as a whole.

## **Application for excess Offer Shares**

Qualifying Shareholders are entitled to apply for any entitlements of Prohibited Shareholders, any Offer Shares created from the aggregation of fractions of Offer Shares and any Offer Shares provisionally allotted but not accepted by completing the form of application for excess Offer Shares and lodging the same with a separate remittance for the excess Offer Shares being applied for.

The Directors will allocate the excess Offer Shares at their discretion, on a fair basis by reference to the number of excess Offer Shares applied for by each Qualifying Shareholder, but will give preference to topping-up odd lots to whole board lots.

The Shareholders with the Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

## **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 14 June 2006 to Monday, 19 June 2006, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

## **Subscription Price**

The Subscription Price for the Offer Shares is HK\$0.06 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 79.31% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on Tuesday, 23 May 2006, being the last trading day before the date of this announcement;
- (ii) a discount of approximately 71.83% to the theoretical ex-entitlement price (being the average price per Share of the Subscription Price for one Offer Share and the aforesaid closing price for two existing Shares) of approximately HK\$0.213 per Share;
- (iii) a discount of approximately 80.07% to the average closing price of HK\$0.301 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including Tuesday, 23 May 2006;
- (iv) a discount of approximately 81.34% to the average closing price of HK\$0.3215 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including Tuesday, 23 May 2006; and
- (v) a premium of approximately 135.29% over the unaudited net asset value per Share of approximately HK\$0.0255 with reference to the unaudited net asset value of the Group of approximately HK\$11.75 million as at 30 September 2005 as shown in the interim report 2005/06 of the Company for the six months ended 30 September 2005 and 460,504,000 Shares in issue as at the date of this announcement.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other things, the low net asset value per Share of the Group as at 30 September 2005 and the recent financial conditions of the Company. As disclosed in the Company's third quarterly report 2005/06 for the nine months ended 31 December 2005, the net loss of the Group attributable to Shareholders for the nine months ended 31 December 2005 amounted to approximately HK\$285,000. In view of the recent financial conditions of the Group as mentioned above and taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **Status of the Offer Shares**

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

## **Fractions of Offer Shares**

The Company will not allot fractions of the Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriters and/or by the Qualifying Shareholders who have applied for the excess Offer Shares.

## **Certificates of the fully-paid Offer Shares and refund cheques**

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Wednesday, 12 July 2006 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before Wednesday, 12 July 2006 by ordinary post at their own risk.

## **Rights of the Overseas Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and the Cayman Islands. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to Rule 17.41 of the GEM Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealing in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

- Date : 24 May 2006
- Underwriters : Kingston Securities and Quam Securities
- Number of Offer Shares underwritten : Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite not less than 128,252,000 Offer Shares and not more than 145,002,000 Offer Shares (of which Kingston Securities underwrites not less than 78,252,000 Offer Shares and not more than 95,002,000 Offer Shares in the first place and Quam Securities underwrites the remaining Offer Shares of not more than 50,000,000)
- Commission : 2.5% of the aggregate Subscription Price in respect of the maximum number of Offer Shares agreed to be underwritten by the Underwriters

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by Flyrich and Mr. Wong) which have not been taken up and fully-paid. Accordingly, the Open Offer is fully underwritten. The Underwriters and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

The 2.5% commission payable to each of the Underwriters was determined after arm's length negotiations between the Company and the Underwriters based on normal commercial terms with reference to the market rates.

### **Undertakings given by Mr. Wong**

As at the date of this announcement, Mr. Wong is interested in 4,600,000 Options conferring rights to subscribe for 4,600,000 Shares and Flyrich, a company wholly owned by Mr. Wong, is interested in 204,000,000 Shares as at the date of this announcement, representing approximately 44.3% of the existing issued share capital of the Company. Pursuant to the Underwriting Agreement, Mr. Wong has irrevocably undertaken (i) to exercise all his 4,600,000 Options to subscribe for 4,600,000 Shares before the Latest Lodging Date; and (ii) to subscribe or procure the subscription of 102,000,000 Offer Shares and 2,300,000 Offer Shares to be allotted to Flyrich and/or any of its associates and him respectively pursuant to the Open Offer.



## **Termination of the Underwriting Agreement**

### **If, prior to the Latest Time for Termination:**

- (1) in the reasonable opinion of Kingston Securities (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:**
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Kingston Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or**
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Kingston Securities (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension of material restriction or trading in securities) occurs which in the reasonable opinion of Kingston Securities (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Kingston Securities (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or**
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,**

**Kingston Securities (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.**

**The Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:**

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or**
- (2) any Specified Event comes to knowledge of the Underwriters,**

**then and, in such case, Kingston Securities (on behalf of the Underwriters) may, by notice in writing given to the Company prior to the Latest time for Termination, rescind the Underwriting Agreement and thereupon the obligations of all parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of and in connection with the Underwriting Agreement and the Open Offer shall not proceed.**

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the requirements of the GEM Listing Rules and Companies Ordinance not later than the despatch of the Prospectus;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter, stamped "For information only" to the Prohibited Shareholders, on or before the date of the Prospectus;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked such listing of and permission to deal in the Offer Shares by no later the first dealing date of the Offer Shares on the Stock Exchange;
- (4) the obligations of the Underwriters becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement; and
- (5) compliance with and performance of all undertakings and obligations of Mr. Wong.

In the event of the said conditions not being fulfilled or waived on or before the respective dates aforesaid (or such later date or dates as may be agreed between the Company and Kingston Securities (on behalf of the Underwriters), the Underwriting Agreement shall terminate and all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against the others (save for any antecedent breaches thereof).

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

**The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Open Offer may or may not proceed.**

**The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 12 June 2006 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Friday, 7 July 2006), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer:

**Assuming no Options are being exercised (except those 4,600,000 Options being held by Mr. Wong) before the Latest Lodging Date:**

	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer, except that Flyrich and Mr. Wong take up all their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Wong and his associates (Note 1)	208,600,000	44.85	312,900,000	44.85	312,900,000	44.85
Top Accurate Limited (Note 2)	76,000,000	16.34	76,000,000	10.89	114,000,000	16.34
Underwriters:						
– Kingston Securities	–	–	78,252,000	11.22	–	–
– Quam Securities	–	–	50,000,000	7.17	–	–
Other Shareholders	180,504,000	38.81	180,504,000	25.87	270,756,000	38.81
Total	<u>465,104,000</u>	<u>100.00</u>	<u>697,656,000</u>	<u>100.00</u>	<u>697,656,000</u>	<u>100.00</u>

**Assuming all the Options are being exercised before the Latest Lodging Date:**

	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer, except that Flyrich and Mr. Wong take up all their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Wong and his associates (Note 1)	208,600,000	41.84	312,900,000	41.84	312,900,000	41.84
Top Accurate Limited (Note 2)	76,000,000	15.24	76,000,000	10.16	114,000,000	15.24
Underwriters:						
– Kingston Securities	–	–	95,002,000	12.70	–	–
– Quam Securities	–	–	50,000,000	6.69	–	–
Other Shareholders	214,004,000	42.92	214,004,000	28.61	321,006,000	42.92
Total	<u>498,604,000</u>	<u>100.00</u>	<u>747,906,000</u>	<u>100.00</u>	<u>747,906,000</u>	<u>100.00</u>

*Notes:*

- As at the date of this announcement, Mr. Wong is interested in 4,600,000 Options conferring rights to subscribe for 4,600,000 Shares and Flyrich, a company wholly owned by Mr. Wong, is interested in 204,000,000 Shares.
- These Shares are owned by Top Accurate Limited, a company wholly and beneficially owned by Mr. Ma She Shing, Albert, who save for being a substantial Shareholder, is a third party independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

**REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Group is principally engaged in the retail sales and wholesale of bags and accessories under its brand name.

The estimated net proceeds from the Open Offer will be approximately HK\$12.45 million (assuming no Options are being exercised (except those 4,600,000 Options being held by Mr. Wong) before the Latest Lodging Date) or HK\$13.46 million (assuming all the Options are being exercised before the Latest Lodging Date). As mentioned under the composite offer and response document of the Company dated 29 March 2006, 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 as at the date of this announcement, the Board intends to apply approximately

HK\$11.45 million to HK\$12.46 million for suitable investments to be made promptly as and when opportunities arise, and the balance of approximately HK\$1.0 million towards the general working capital of the Group.

The estimated expense in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses, of approximately HK\$1.5 million, will be borne by the Company. Having considered other fund raising alternatives for the Group, including bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

#### **FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT**

The following table summaries the capital raising activities of the Group in the last 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>New proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
21 November 2005	Placing of new Shares	HK\$1.8 million	General working capital of the Group	Approximately HK\$0.63 million has been applied for general working capital and the balance will be applied as intended originally

#### **ADJUSTMENT TO THE SUBSCRIPTION PRICE OF THE OPTIONS**

Pursuant to the terms of the Share Option Scheme, adjustments to the outstanding Options are required to be made upon the Open Offer becoming unconditional. Further details on the adjustments will be set out in the Prospectus and an announcement will be made by the Company when appropriate.

## EXPECTED TIMETABLE

2006

Last day of dealing in Shares on a cum-entitlement basis .....	Friday, 9 June
First day of dealing in Shares on an ex-entitlement basis .....	Monday, 12 June
Latest time for lodging transfers of Shares in order to be qualified for the Open Offer .....	4:00 p.m. on Tuesday, 13 June
Latest time for holders of Options to exercise their respective Options in order to be qualified for the Open Offer .....	4:00 p.m. on Tuesday, 13 June
Register of members of the Company closes .....	Wednesday, 14 June to Monday, 19 June (both dates inclusive)
Record Date .....	Monday, 19 June
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Overseas Letter together with the Prospectus only) .....	Monday, 19 June
Register of members for the Shares reopens .....	Tuesday, 20 June
Latest time for acceptance of and payment for Offer Shares .....	4:00 p.m. on Tuesday, 4 July
Latest time for the Open Offer to become unconditional .....	4:00 p.m. on Friday, 7 July
Announcement of the results of the Open Offer .....	Tuesday, 11 July
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications .....	Wednesday, 12 July
Despatch of share certificates for Offer Shares .....	Wednesday, 12 July
Dealing in fully-paid Offer Shares commences .....	Friday, 14 July

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

Shareholders should note that completion of the Underwriting Agreement is conditional and may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

## **TERM OF LETTER OF APPOINTMENT OF MR. WONG**

Reference is made to the announcements of the Company dated 29 March 2006 in relation to the appointment of Mr. Wong as the executive Director and authorised representative of the Company and dated 19 April 2006 in relation to the appointment of Mr. Wong as the chairman and compliance officer of the Company.

Mr. Wong has entered into a letter of appointment with the Company for a term of one year as an executive Director, an authorised representative, the chairman and the compliance officer of the Company with effect from 1 April 2006 or 19 April 2006 (as the case may be). Mr. Wong is entitled to a monthly salary of HK\$10,000 which is determined by arm's length negotiation between Mr. Wong and the Company. He is also entitled to a year-end discretionary bonus to be determined by the Board from time to time.

## **GENERAL**

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 24 May 2006 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Friday, 26 May 2006.

## **DEFINITIONS**

“Board”	board of Directors
“Business day”	any day (other than Saturday), on which banks in Hong Kong are open for business
“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
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	director(s) of the Company
“Flyrich”	Flyrich Resources Limited, a company incorporated in the British Virgin Islands, with limited liability and is wholly and beneficially owned by Mr. Wong
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	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
“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)
“Latest Lodging Date”	being 4:00 p.m. on 13 June 2006 as the latest time for lodging transfer of Share and/or exercising Options in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on 4 July 2006 or such later time or date as may be agreed between the Company and Kingston Securities (on behalf of the Underwriters), being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston Securities (on behalf of the Underwriters), being the latest time to terminate the Underwriting Agreement
“Mr. Wong”	Mr. Wong Wing Cheung, Peter, an executive director and the chairman of the Company and the beneficial owner of Flyrich
“Offer Share(s)”	not less than 232,552,000 new Shares and not more than 249,302,000 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on application pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Options”	options to subscribe for Shares granted under the Share Option Scheme
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date

“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the application form in respect of the assured allotment of Offer Shares and the form of application for excess Offer Shares
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Quam Securities”	Quam Securities Company Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Record Date”	19 June 2006, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Company’s Hong Kong branch share registrar
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	share option scheme adopted by the Company on 21 May 2002
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.06 per Offer Share
“Underwriters”	Kingston Securities and Quam Securities
“Underwriting Agreement”	the underwriting agreement dated 24 May 2006 entered into between the Company, Mr. Wong and the Underwriters in relation to the Open Offer

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

“%” per cent.

By order of the Board  
**FX Creations International Holdings Limited**  
**Wong Wing Cheung, Peter**  
*Chairman*

Hong Kong, 25 May 2006

*As at the date of this announcement, Wong Wing Cheung, Peter, Chan Man Yin and Chan Francis Ping Kuen are the executive Directors and Lee Kun Hung, Wong Hou Yan, Norman and Cheung Chi Hwa, Justin are the independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the “Latest Company Announcement” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) and website of the Company at [www.fxcreations.com](http://www.fxcreations.com) for at least 7 days from its date of publication.*