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**Virtue Partner Group 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) Proposed Acquisition of the Sale Shares by Virtue Partner Group Limited;**
- (2) Proposed Subscription of the Subscription Shares  
by Virtue Partner Group Limited;**
- (3) Possible Mandatory Unconditional Cash Offer  
by**



**Kingston Securities Limited**

**on behalf of**

**Virtue Partner Group Limited**

**for all the issued Shares in FX Creations International Holdings Limited  
(other than those Shares already owned or agreed to be acquired by  
Virtue Partner Group Limited and parties acting in concert with it)  
and**

- (4) Resumption of trading**

**Financial Adviser to Virtue Partner Group Limited**



**Kingston Corporate Finance Limited**

\* For identification purpose only

## **THE SALE AND PURCHASE AGREEMENT**

On 12 January 2007, Virtue Partner and Flyrich entered into the Sale and Purchase Agreement pursuant to which Virtue Partner agreed to purchase and Flyrich agreed to sell 306,000,000 Shares, representing approximately 40.09% of the entire issued share capital of the Company as at the date of this announcement, for a total consideration of HK\$15,000,000 (equivalent to approximately HK\$0.04902 per Share). The Sale and Purchase Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Conditions of the Sale and Purchase Agreement” of this announcement, which include, among others, the Subscription Agreement having become unconditional.

## **THE SUBSCRIPTION AGREEMENT**

On 12 January 2007, the Company and Virtue Partner entered into the Subscription Agreement whereby Virtue Partner has agreed to subscribe for, and the Company has agreed to allot and issue, 1,036,794,000 Subscription Shares at an issue price of HK\$0.01 per Subscription Share. The net proceeds from the Subscription of approximately HK\$9.4 million, after deduction of related expenses, will be used as general working capital of the Group and for future investments of the Company if opportunity arises. The Subscription Agreement is conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraph headed “Conditions of the Subscription Agreement” of this announcement, which include, among others, the Sale and Purchase Agreement having become unconditional.

A circular containing, among other things, further details of the Subscription Agreement and the notice of EGM will be despatched to the Shareholders as soon as practicable.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

Immediately after completion of the Share Purchase and the Subscription, Virtue Partner and parties acting in concert with it will be interested in an aggregate of 1,342,794,000 Shares, representing about 74.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Accordingly, Virtue Partner will be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it) immediately after completion of the Share Purchase and the Subscription. The principal terms of the Offer are set out under the section headed “Possible mandatory unconditional cash offer” of this announcement.

The Company will establish an Independent Board Committee to advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offer. Virtue Partner and the Company intend to combine the offer document with the response document from the Company in a composite offer document.

Given that the Subscription is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the EGM to approve the Subscription Agreement and the transactions contemplated thereby, an application will be made by Virtue Partner to the Executive for a waiver pursuant to Rule 8.2 of the Takeovers Code to postpone the despatch of the composite offer document

containing the details of the terms of the Offer and the accompanying form of acceptance and transfer in respect of the Offer to the Shareholders to a date falling within seven days after the fulfillment of the conditions of the Subscription Agreement. It is expected that the composite offer document will be despatched on or before 10 April 2007.

Details of the expected timetable relating to the Offer will be announced by the Company and Virtue Partner jointly on or before the despatch of the composite offer document.

**Warning: The Offer is a possibility only**

**Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement and the Subscription Agreement are conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraphs headed “Conditions of the Sale and Purchase Agreement” and “Conditions of the Subscription Agreement” of this announcement and that the making of the Offer is subject to completion of the Share Purchase and the Subscription. Accordingly, the Share Purchase and the Subscription may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the GEM was suspended with effect from 9:30 a.m. on 15 January 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on 23 January 2007.

**THE SALE AND PURCHASE AGREEMENT**

Date:	12 January 2007
Vendor:	Flyrich
Purchaser:	Virtue Partner
Warrantor:	Mr. Wong
Number of Shares:	306,000,000 Shares which are being purchased by Virtue Partner 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\$15,000,000 (equivalent to approximately HK\$0.04902 for each Share, which were negotiated and determined on arm’s length basis between Flyrich and Virtue Partner. Out of the total consideration, HK\$3,000,000 was paid as deposit and part payment of the consideration upon the signing of the Sale and Purchase Agreement and the remaining balance of HK\$12,000,000 shall be paid by cash upon completion of the Share Purchase

## Condition of the Sale and Purchase Agreement

Completion of the Share Purchase is conditional upon:

- (a) trading in the Shares on the GEM not being suspended for a period of more than seven consecutive trading days in the period of 21 days immediately preceding completion of the Share Purchase excluding any suspension for the purposes of clearing any announcement and circular in relation to the Share Purchase and/or the Offer by the regulatory authorities;
- (b) trading in the Shares on the GEM not being revoked or withdrawn at any time prior to completion of the Share Purchase;
- (c) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be suspended, revoked or withdrawn at any time after completion of the Share Purchase, whether in connection with any of the transactions contemplated by the Sale and Purchase Agreement, the Subscription Agreement or otherwise;
- (d) completion of the due diligence review of the Group to be conducted by Virtue Partner and that the results of such due diligence review have not revealed or disclosed any matter, fact or circumstance which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the Sale and Purchase Agreement by Flyrich or the Warrantor;
- (e) the warranties given by Flyrich and the Warrantor under the Sale and Purchase Agreement remaining true and accurate in all material respects;
- (f) all necessary consents and approvals as may be required in respect of the sale of the Sale Shares and the transactions contemplated under the Sale and Purchase Agreement having been obtained by Flyrich and the Warrantor; and
- (g) the Subscription Agreement having become unconditional (save for the condition for the Sale and Purchase Agreement to become unconditional).

Virtue Partner may at any time by notice in writing to Flyrich waive any of the conditions set out above except conditions set out in paragraphs (d), (f) and (g) are incapable of being waived by Flyrich and Virtue Partner.

Condition (g) of the Sale and Purchase Agreement is inter-conditional with condition (i) of the Subscription Agreement. Neither the Sale and Purchase Agreement nor the Subscription Agreement will become unconditional if the other has not become unconditional.

In the event that the conditions of the Sale and Purchase Agreement as set out above are not fulfilled or waived by 31 March 2007 (or such other time and date as may be agreed between Flyrich and Virtue Partner), the Sale and Purchase Agreement shall cease and determine and Flyrich shall refund the HK\$3,000,000 paid by Virtue Partner on the signing of the Sale and Purchase Agreement to Virtue Partner and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

## **Completion of the Sale and Purchase Agreement**

Upon compliance with or fulfillment or waiver of all the conditions of the Sale and Purchase Agreement, completion of the Share Purchase shall take place simultaneously with completion of the Subscription.

### **THE SUBSCRIPTION AGREEMENT**

Date: 12 January 2007

#### **Parties**

Issuer: The Company

Subscriber: Virtue Partner

Virtue Partner is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Pong. Mr. Pong is the sole director of Virtue Partner. Virtue Partner and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons and are not acting in concert with any Shareholder. Prior to the date of the Subscription Agreement, neither the Company nor any of its subsidiaries had any business relationships with Virtue Partner and its ultimate beneficial owner.

Warrantor: Mr. Wong

In consideration of Virtue Partner agreeing to enter into the Subscription Agreement, the Warrantor agreed to warrant to Virtue Partner that the warranties in relation to, among other things, the trading, business and financial position of the Company, as contained in the Subscription Agreement are true and accurate in all material respects as at the date of the Subscription Agreement and will continue to be so up to and including completion of the Subscription subject to and upon the terms and conditions of the Subscription Agreement.

#### **Subscription Shares**

Virtue Partner conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 1,036,794,000 Subscription Shares under the Subscription Agreement. The Subscription Shares represent approximately 135.85% of the existing issued share capital of the Company as at the date of this announcement and approximately 57.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects with each other and the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

As at the date of this announcement, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each.

### **Subscription Price**

The gross amount of the Subscription is HK\$10,367,940, equivalent to HK\$0.01 per Subscription Share which was determined after arm's length negotiations between the Company and Virtue Partner, and with reference to, amongst other things, the financial and trading position of the Group.

The Subscription Price of HK\$0.01 per Subscription Share represents:

- (a) a discount of 87.50% to the closing price of HK\$0.08 per Share as quoted on GEM on the Last Trading Day;
- (b) a discount of 87.75% to the average of the closing prices of HK\$0.0816 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of 88.56% to the average of the closing prices of HK\$0.0874 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 71.54% to the unaudited consolidated net asset value per Share of approximately HK\$0.03514 as at 30 September 2006 (based on the unaudited consolidated net asset value of the Group of approximately HK\$26,816,000 as at 30 September 2006 as shown in the Company's unaudited interim report for the six months ended 30 September 2006 and 763,206,000 Shares in issue as at the date of this announcement).

### **Conditions of the Subscription Agreement**

Completion of the Subscription is conditional upon:

- (a) the Listing Committee of GEM granting listing of and permission to deal in, the Subscription Shares;
- (b) the Shareholders who are allowed to vote under the GEM Listing Rules approving at the EGM the Subscription Agreement and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares;
- (c) trading in the Shares on the GEM not being suspended for a period of more than seven consecutive trading days in the period of 21 days immediately preceding completion of the Subscription excluding any suspension for the purposes of clearing any announcement and circular in relation to the Subscription and the Share Purchase and/or the Offer by the regulatory authorities;
- (d) trading in the Shares on the GEM not being revoked or withdrawn at any time prior to completion of the Subscription;

- (e) there being no indication being received from the Stock Exchange or the SFC that the listing of the Shares on the GEM will be suspended, revoked or withdrawn at any time after completion of the Subscription, whether in connection with any of the transactions contemplated by the Subscription Agreement or otherwise;
- (f) completion of the due diligence review of the Group to be conducted by Virtue Partner and that the results of such due diligence review have not revealed or disclosed any matter, fact or circumstance which constitutes or is likely to constitute any material breach of any of the warranties or other provisions of the Subscription Agreement by the Company or the Warrantor;
- (g) the warranties given by the Company and the Warrantor remaining true and accurate in all material respects;
- (h) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription and the transactions contemplated under the Subscription Agreement having been obtained by the Company and the Warrantor; and
- (i) the Sale and Purchase Agreement having become unconditional (save for the condition for the Subscription Agreement to become unconditional).

Virtue Partner may at any time by notice in writing to the Company waive the conditions in paragraphs (c), (d), (e) and/or (g) as set out above. The conditions set out in paragraphs (a), (b), (f), (h) and (i) as set out above are incapable of being waived by the Company and Virtue Partner.

Condition (i) of the Subscription Agreement is inter-conditional with condition (g) of the Sale and Purchase Agreement. Neither Sale and Purchase Agreement nor the Subscription Agreement will become unconditional if the other has not become unconditional.

In the event that the conditions of the Subscription Agreement as set out above are not fulfilled or waived by on 31 March 2007 (or such other time and date as may be agreed between the Company and Virtue Partner in writing), the Subscription Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities thereunder save for any antecedent breaches of the provisions thereof.

### **Completion**

Subject to the conditions of the Subscription Agreement being fulfilled or, as the case may be, waived by Virtue Partner, completion of the Subscription will take place on the Completion Date and simultaneously with the completion of the Share Purchase.

### **Reasons for the Subscription and use of proceeds**

The net proceeds from the Subscription of approximately HK\$9.4 million, after deduction of related expenses, will be used as general working capital of the Group and for future investments of the Company if opportunity arises. As at the date of this announcement, no suitable investment has been identified nor has there been any concrete plan or arrangement made.

The terms of the Subscription Agreement were arrived at after arm's length negotiations between the parties thereto having taking into account, among other things, (i) the unaudited net asset value per Share of approximately HK\$0.03514 as at 30 September 2006, (ii) the competitive environment of the retail and wholesale of bags and accessories business in which the Group is currently engaged in Hong Kong, Taiwan, China and Singapore as well as the prospects of the trading of used computers, (iii) the low liquidity of the Shares, and (iv) any future investments if opportunity arises, notwithstanding that no suitable investment or concrete plan or arrangement has been identified at present.

According to the unaudited interim report of the Company for the six months ended 30 September 2006, the Group recorded a net loss of approximately HK\$1.55 million. Given that the Group operates in an increasingly competitive environment and that it has incurred losses for two consecutive financial years, the Company faces difficulties in procuring new bank financing.

As any worsening financial position of the Company would also make the Company less appealing to potential investors and in light of the current buoyant and robust market condition, the Directors consider that the present injection of capital by way of Subscription is a good opportunity for the Company to boost its financial position.

Notwithstanding that the Subscription Price per Share of HK\$0.01 represents a discount to the average closing price of the Shares and the unaudited consolidated net asset value per Share as at 30 September 2006 as described in the paragraph headed "Subscription Price" of this announcement, the Directors consider that the opportunity to raise new equity funding for the Group outweighs the dilutive effect to the existing shareholding, net tangible assets and future earnings (if any) of the Group following completion of the Subscription.

Accordingly, the Directors are of the view that the terms of the Subscription Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties thereto and that the terms of the Subscription are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES OF THE COMPANY**

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>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the Latest Practicable Date</b>
25 May 2006	Open Offer of New Shares	HK\$13.46 million	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	HK\$5.7 million and HK\$2.6 million had been used for acquisition of computer business and general working capital of the Group, respectively. The remaining balance of HK\$5.16 million had not been utilized yet

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

Virtue Partner and parties acting in concert with it do not own or over which it has control or direction in any Shares or any other securities of the Company immediately prior to the entering into of the Sale and Purchase Agreement and the Subscription Agreement. Save for the Share Purchase and the Subscription, Virtue Partner and parties acting in concert with it have not dealt in any Shares or any other securities of the Company within six months immediately prior to the date of the Sale and Purchase Agreement and the Subscription Agreement and up to the date of this announcement. Immediately after completion of the Share Purchase and the Subscription, Virtue Partner and parties acting in concert with it will own in aggregate 1,342,794,000 Shares, representing about 74.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Accordingly, Virtue Partner will be required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it) immediately after completion of the Share Purchase and the Subscription.

As at the date of this announcement, there are 763,206,000 Shares in issue. Taking into account the 306,000,000 Shares to be held by Virtue Partner and parties acting in concert with it upon completion of the Share Purchase and the Subscription, 457,206,000 Offer Shares will be subject to the Offer.

As at the date of this announcement, there are no options, derivatives, warrants or other securities in issue convertible or exchangeable into Shares.

As at the date of this announcement, save for the Sale and Purchase Agreement and Subscription Agreement (i) there are no arrangements (whether by way of option, indemnity or otherwise.) in relation to Shares of the Offeror or the Company and which might be material to the Offer; and (ii) there are no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

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

### **Principal terms of the Offer**

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

**for each Offer Share ..... HK\$0.04902 in cash**

### **Pre-conditions of the Offer**

**Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement and the Subscription Agreement are conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraphs headed “Conditions of the Sale and Purchase Agreement” and “Conditions of the Subscription Agreement” of this announcement and that the making of the Offer is subject to completion of the Share Purchase and the Subscription. Accordingly, the Share Purchase and the Subscription may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **Comparison of value**

The price of HK\$0.04902 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 approximately 38.73% to the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 39.93% to the average closing price of approximately HK\$0.0816 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 43.91% to the average closing price of approximately HK\$0.0874 per Share for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 39.50% over the unaudited consolidated net asset value per Share of approximately HK\$0.03514 as at 30 September 2006 (based on the unaudited consolidated net asset value of the Group of approximately HK\$26,816,000 as at 30 September 2006 as shown in the Company's unaudited interim report for the six months ended 30 September 2006 and 763,206,000 Shares in issue as at the date of this announcement).

## **Total consideration**

As at the date of this announcement, there were 763,206,000 Shares in issue. There were no options, derivatives, warrants or other securities in issue convertible or exchangeable into Shares as at the date of this announcement.

Upon completion of the Share Purchase and the Subscription, there will be 1,800,000,000 Shares in issue. Based on the offer price of HK\$0.04902 per Offer Share, the entire issued share capital of the Company immediately after completion of the Share Purchase and the Subscription is valued at HK\$88,236,000 and the 457,206,000 Offer Shares are valued at HK\$22,412,238 accordingly.

The aggregate consideration for the Offer will be wholly financed by the internal financial resources of Virtue Partner and parties acting in concert with it. Both Kingston Corporate Finance and Kingston Securities are satisfied that there are sufficient financial resources available to Virtue Partner to satisfy 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, including the rights to receive all future dividends and distribution declared, made or paid on or after the posting of the offer document.

## **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 in the event the Offer materialised. Virtue Partner 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.

Payment in cash in respect of acceptances of the Offer will be made within 10 days from the receipt of duly completed form of acceptance.

## **INFORMATION ON THE COMPANY**

The Company is an investment holding company and its Shares are listed on the GEM. Its subsidiaries are principally engaged in the retail and wholesale of bags and accessories and trading of used computers. The bags sold by the Group consist principally of business bags, sports bags, backpacks, handbags and wallets. The accessories sold by the Group include belts, watches, spectacles and umbrellas. The trading of used computers by the Group including PC, laptops and computer parts (such as RAM modules, LCD panels, hard disks, DVDROMs, plastic covers, keyboards and etc.).

Based on the unaudited interim report of the Company, the unaudited net loss of the Group for the six months ended 30 September 2006 was approximately HK\$1.55 million and the unaudited consolidated net asset value of the Group as at 30 September 2006 was approximately HK\$26.82 million. The audited consolidated net loss attributable to equity holders of the Group for the years ended 31 March 2006 and 31 March 2005 were approximately HK\$5.36 million and HK\$10.05 million respectively. As at 31 March 2006, the audited consolidated net asset value of the Group was approximately HK\$8.35 million.

## **INFORMATION ON VIRTUE PARTNER**

Virtue Partner is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Pong. Mr. Pong is the sole director of Virtue Partner. Virtue Partner and its ultimate beneficial owner are third parties independent of the Company and its connected persons. Other than the entering into of the Sale and Purchase Agreement and the Subscription Agreement, Virtue Partner has not conducted any business since its incorporation.

The sole owner of Virtue Partner, Mr. Pong, aged 37, is the founder and chief executive officer of EVI Education Asia Limited (Stock code: 8090) the principal businesses of which are selling and installation of computer hardware and software, provision of computer training services and provision of internet education services. He holds a bachelor's degree in Applied Science from the University of British Columbia. He also held various positions in a number of charity organizations in Hong Kong. Before founding EVI Education Asia Limited, he had held various senior management positions with various local and international securities houses and a multinational company.

## **INTENTION OF VIRTUE PARTNER REGARDING THE GROUP**

It is the intention of Virtue Partner that the existing principal activities of the Group will remain unchanged immediately after the close of the Offer. Virtue Partner 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 the Subscription and following the close of the Offer, Virtue Partner 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. Upon completion of the Offer, it is expected that by virtue of the experience of Mr. Pong in finance and capital market along with his business and personal network, more business opportunities would be brought to the existing business of the Group by Virtue Partner.

## PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

Currently, the Board comprises three executive Directors and three independent non-executive Directors. As at the date of this announcement, the Company's executive Directors are Mr. Wong Wing Cheung, Peter, Mr. Chan Man Yin and Mr. Chan Francis Ping Kuen and the Company's independent non-executive Directors are Mr. Lee Kun Hung, Mr. Wong Hou Yan, Norman and Mr. Cheung Chi Hwa, Justin. The Company and Virtue Partner will jointly make further announcement in compliance with the GEM Listing Rules and the Takeovers Code if there is any change in the Board. The appointment of new Director will not take effect earlier than the date of posting of the composite offer document to be jointly issued by the Company and Virtue Partner in connection with the Offer in compliance with Rule 26.4 of the Takeovers Code.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Share Purchase and the Subscription and before the close of the Offer:

	As at the date of this announcement		Immediately after completion of the Share Purchase and Subscription and before the close of the Offer	
	No. of Shares	Approximate (%)	No. of Shares	Approximate (%)
Executive Directors:				
– Mr. Wong	306,000,000	40.09	–	–
– Mr. Chan Francis Ping Kuen	6,900,000	0.90	6,900,000	0.38
– Mr. Chan Man Yin	6,900,000	0.90	6,900,000	0.38
Virtue Partner and parties acting in concert with it	–	–	1,342,794,000	74.60
Other public Shareholders	443,406,000	58.11	443,406,000	24.64
Total	<u>763,206,000</u>	<u>100.00</u>	<u>1,800,000,000</u>	<u>100.00</u>

## MAINTAINING THE LISTING STATUS OF THE COMPANY

Virtue Partner has no intention to privatize the Company. Virtue Partner intends that the Company will remain listed on the GEM after completion of the Share Purchase and the Subscription and the close of the Offer. As at the date of this announcement, Mr. Chan Francis Ping Kuen and Mr. Chan Man Yin, being the executive Directors, intended to dispose of all the Shares held by them, representing 13,800,000 Shares or about 1.8% of the existing issued share capital of the Company (0.76% of enlarged capital of the Company after completion of the Subscription) before the completion of the Subscription in a manner in compliance with the GEM Listing Rules and Takeovers Code. Immediately after completion of the Share Purchase and the Subscription, the public float will be not less than 25%.

**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 Shares, are held by the public or if the Stock Exchange believes that:**

- a false market exists or may exist in the trading of 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. It should be noted that in the event that less than 25% of the Shares are held by the public immediately after the close of the Offer, the Company will make an application to the Stock Exchange for suspension of trading in the Shares until a sufficient public float in the Shares has been restored and the Company will make an appropriate announcement accordingly.**

**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 the 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**

### **Subscription circular**

A circular containing, among other things, further details of the Subscription Agreement and the notice of EGM will be despatched to the Shareholders as soon as practicable.

Save that Flyrich and the Warrantor, being parties to the Sale and Purchase Agreement (which is inter-conditional with the Subscription Agreement), are required to abstain from voting at the EGM, none of the Shareholders has a material interest in the transaction contemplated under the Subscription Agreement who will be required to abstain from voting at the EGM.

### **Application for listing**

Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Subscription Shares. The Company understands that any grant of the listing of the Subscription Shares will be conditional upon the Company maintaining a sufficient public float in the Shares upon the close of the Offer.

### **Composite offer document**

Pursuant to Rule 8.2 of the Takeovers Code, an offer document in relation to the Offer should normally be despatched by or on behalf of Virtue Partner within 21 days of the date of this announcement or such other date as the Executive may approve. The Company is required to despatch a response document in

relation to the Offer to the Shareholders within 14 days of the posting of the offer document in accordance with Rule 8.4 of the Takeovers Code. Virtue Partner and the Company intend to combine the offer document with the response document from the Company in a composite offer document.

Given that the Subscription is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the EGM, an application will be made by Virtue Partner to the Executive for a waiver pursuant to Rule 8.2 of the Takeovers Code to postpone the despatch of the composite offer document containing the details of the terms of the Offer and the accompanying form of acceptance and transfer in respect of the Offer to the Shareholders to a date falling within seven days after the fulfillment of the conditions of the Subscription Agreement. It is expected that the composite offer document will be despatched on or before 10 April 2007.

Details of the expected timetable relating to the Offer will be announced by the Company and Virtue Partner jointly on or before the despatch of the composite offer document.

### **Financial adviser to Virtue Partner**

Kingston Corporate Finance has been appointed as the financial adviser to Virtue Partner in respect of the Offer.

### **Independent financial adviser to the Independent Board Committee**

The Company will establish an Independent Board Committee to advise the Independent Shareholders and an independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Offer. A separate announcement will be made by the Company as soon as the independent financial adviser has been appointed.

### **Dealing disclosure**

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Any associates of the Company, Virtue Partner and parties acting in concert with them respectively are reminded to disclose their dealings in any securities of the Company.

**Warning: The Offer is a possibility only**

**Shareholders and potential investors should be aware of and take note that the Sale and Purchase Agreement and the Subscription Agreement are conditional upon the satisfaction or waiver of a number of conditions as set out under the paragraphs headed “Conditions of the Sale and Purchase Agreement” and “Conditions of the Subscription Agreement” of this announcement and that the making of the Offer is subject to completion of the Share Purchase and the Subscription. Accordingly, the Share Purchase and the Subscription may or may not proceed and the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

**RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the GEM was suspended with effect from 9:30 a.m. on 15 January 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the GEM with effect from 9:30 a.m. on 23 January 2007.

**DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors from time to time
“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
“Completion Date”	second business day after the date on which the conditions of the Subscription Agreement are fulfilled or, as the case may be, waived by Virtue Partner
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) of the Company from time to time
“EGM”	an extraordinary general meeting of the Company to be held and convened for the purpose of approving, amongst other things, the Subscription and the transactions contemplated thereunder including the allotment and issue of the Subscription Shares or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates

“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”	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
“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”	the Shareholders, other than Flyrich, Virtue Partner, the Warrantor and parties acting in concert with any of them
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation permitted to carry on 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”	12 January 2007, being the last trading day immediately prior to the suspension of trading in the Shares on 15 January 2007
“Mr. Pong”	Mr. Pong Wai San, Wilson, the sole beneficial owner and the sole director of Virtue Partner
“Mr. Wong”	Mr. Wong Wing Cheung, Peter, being a controlling shareholder and executive Director of the Company prior to the completion of the Share Purchase and the Warrantor
“Offer”	the possible mandatory unconditional cash offer to be made by Kingston Securities, on behalf of Virtue Partner, to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it)
“Offer Share(s)”	issued Share(s) other than those already owned or agreed to be acquired by Virtue Partner and parties acting in concert with it

“Sale and Purchase Agreement”	the agreement dated 12 January 2007 entered into between, among others, Flyrich and Virtue Partner in relation to the purchase of 306,000,000 Shares, representing approximately 40.09% of the entire issued share capital of the Company as at the date of this announcement, from Flyrich by Virtue Partner for a total consideration of HK\$15,000,000
“Sale Shares”	306,000,000 Shares for which Virtue Partner will purchase and Flyrich will dispose in accordance with the terms and conditions of the Sale and Purchase Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Share Purchase”	the purchase of 306,000,000 Shares from Flyrich by Virtue Partner in accordance with the terms and condition of the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Virtue Partner for, and the allotment and issue by the Company of, the Subscription Shares under the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 January 2007 entered into between the Company, Virtue Partner and the Warrantor
“Subscription Price”	HK\$0.01, being the subscription price per Subscription Share
“Subscription Shares”	1,036,794,000 Shares for which Virtue Partner will subscribe and the Company will allot and issue under the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Virtue Partner” or “Offeror”	Virtue Partner Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Pong
“Warrantor”	Mr. Wong, being the warrantor of the Sale and Purchase Agreement and the Subscription Agreement

“HK\$” and “cents”

Hong Kong dollars and cents respectively, the lawful currency of Hong Kong

“%”

per cent.

By order of the board of  
**Virtue Partner Group Limited**  
**Pong Wai San, Wilson**  
*Sole director*

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

Hong Kong, 22 January 2007

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

*The sole director of Virtue Partner accepts full responsibility for the accuracy of the information contained in this announcement including Virtue Partner’s intention regarding the Group (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 Virtue Partner, the terms and conditions of the Offer and Virtue Partner’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](http://www.hkgem.com)) for at least 7 days from its date of publication.*