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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)**

### **PLACING OF NEW SHARES AND SUSPENSION AND RESUMPTION OF TRADING**

**Placing Agent**



**Phoenix Capital Securities Limited**

On 21 November 2005, the Company entered into the conditional Placing Agreement with the Agent on a fully underwritten basis for the placing of 60,504,000 new Shares to not fewer than six Placees at the Placing Price of HK\$0.033 per Placing Share.

The 60,504,000 Placing Shares will be allotted and issued to the Placee(s) and represent approximately 15.13% of the existing issued share capital of the Company and approximately 13.14% of the issued share capital of the Company of 460,504,000 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.033 represents (i) a discount of approximately 17.5% to the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on 18 November 2005, being the last trading day immediately before the date on which the Placing Agreement was signed; and (ii) a discount of approximately 15.82% to the average closing price of approximately HK\$0.0392 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 18 November 2005, being the last trading day immediately before the date of the Placing Agreement.

\* for identification purpose only

The gross proceeds of the Placing will amount to approximately HK\$2 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$1.8 million after deducting the placing commission and all costs, fees and expenses to be borne by the Company. It is presently expected that the net proceeds will be applied towards the general working capital of the Group.

The Placing is conditional upon, among others, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 9:30 a.m. on 21 November 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 22 November 2005.

## **THE PLACING AGREEMENT**

Date : 21 November 2005

Issuer : The Company

Agent : Phoenix Capital Securities Limited, an Independent Third Party

### **Placee(s)**

The Placing Shares will be placed on a fully underwritten basis, to not fewer than six Placees which will be individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent. The Placee(s) and their ultimate beneficial owner(s) will be Independent Third Party(ies).

It is expected that none of the Placee(s) will become a substantial shareholder of the Company immediately after the Placing.

In the case where the Agent fails to procure Placee(s) to subscribe for the Placing Shares, the Agent itself will subscribe for the Placing Shares at the Placing Price.

### **Placing Shares**

The 60,504,000 Placing Shares will be allotted and issued to the Placee(s) and represent approximately 15.13% of the existing issued share capital of the Company and approximately 13.14% of the issued share capital of the Company of 460,504,000 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares, upon issue, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.033 per Placing Share represents (i) a discount of approximately 17.5% to the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on 18 November 2005, being the

last trading day immediately before the date on which the Placing Agreement was signed; and (ii) a discount of approximately 15.82% to the average closing price of approximately HK\$0.0392 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 18 November 2005, being the last trading day immediately before the date of the Placing Agreement.

The net Placing Price is approximately HK\$0.03 per Placing Share.

The Placing Price was arrived at after arm's length negotiations between the Company and the Agent with reference to the closing prices as shown above. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Placing Costs**

Upon completion of the Placing Agreement, the Company shall pay to the Agent the placing commission of 2.5% of the aggregate Placing Price of the total number of Placing Shares sold on behalf of the Company by the Agent in pursuance of its obligations under the Placing Agreement and all costs, fees and expenses in relation to the preparation and completion of the Placing Agreement and the allotment and issue of the Placing Shares.

### **General mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the AGM of the Company held on 9 August 2005. The general mandate authorises the Company to allot and issue Shares from time to time not exceeding 20% of the issued share capital as at the date of the AGM. As at the date of this announcement, the general mandate has not been utilised.

### **Independence of the Agent**

The Agent, and its ultimate beneficial owners, are Independent Third Parties.

### **Conditions of the Placing**

The Placing is conditional upon the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals (mainly specific consents or approvals, if any, that are required to be obtained from the Stock Exchange on the Placing) from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

In the event that the conditions of the Placing are not fulfilled on or before 14 Business Days from the date of the Placing Agreement, that is, on or before 9 December 2005 (or such other date as may be agreed between the parties) in writing, the Placing Agreement shall cease and neither the Company nor the Agent shall have any claim against the others under the Placing Agreement.

## **Force majeure**

The Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is considered by the Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange or the Shareholders since the publication of the press announcement of the Company relating to the annual results of the Company for the year ended 31 March 2005 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Agent, terminate the Placing Agreement by notice in writing to the Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Agent in this Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above mentioned force majeure factors, all liabilities of the Company and the Agent shall cease and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

## **Completion of the Placing**

Completion of the Placing will take place on the next Business Day after the conditions of the Placing are fulfilled (or such other date as may be agreed between the parties).

## **Application for listing**

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, all the Placing Shares.

## Reasons for the Placing

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

The Board has considered various ways of raising funds and believes that taking into account of the current market conditions, the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base.

## Use of proceeds

The gross proceeds of the Placing will amount to approximately HK\$2 million. The net proceeds receivable by the Company, after deducting the placing commission and all costs, fees and expenses to be borne by the Company, are estimated to be approximately HK\$1.8 million. It is expected that the net proceeds will be applied towards the general working capital of the Group.

The Directors consider that the Placing Agreement is entered into under normal commercial terms following arm's length negotiations between the Company and the Agent and that the terms of the Placing Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

No fund raising activity has been carried out by the Company in the twelve months immediately prior to the date of this announcement.

## CHANGES ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Placing		Immediately after completion of the Placing	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Wise New Management Limited (Note 1)	204,000,000	51.00%	204,000,000	44.30%
Top Accurate Limited (Note 2)	76,000,000	19.00%	76,000,000	16.50%
Public Shareholders				
Placee(s)	–	–	60,504,000	13.14%
Other public Shareholders	120,000,000	30.00%	120,000,000	26.06%
Total	<u>400,000,000</u>	<u>100.00%</u>	<u>460,504,000</u>	<u>100.00%</u>

*Notes:*

1. The issued share capital of Wise New Management Limited is beneficially owned by Cashtram Associates Limited (“**Cashtram**”) as to 45%, FX Creations (Holdings) Inc. (“**FXHI**”) as to 30% and Forge Smart Investments Limited (“**Forge Smart**”) as to 25%. Mr. Ng Pak To, Petto, an executive Director and the chairman of the Company, holds 40% and 100% equity interests in Cashtram and Forge Smart. Mr. Ho Kai Chung, David holds 30% equity interests in Cashtram. Madam Ho Pui Lai and Mr. Tan Yu, Wally holds 20% and 10% equity interests in Cashtram respectively. Madam Ho Pui Lai is the wife of Mr. Ng Pak To, Petto. Mr. Wong Wai Shan holds 100% equity interests in FXHI.

On 20 June 2005, the 204,000,000 Shares held by Wise New Management Limited 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 short position in these 204,000,000 Shares under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

2. The ultimate beneficial owner of Top Accurate Limited is Mr. Ma She Shing, Albert.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading of the Shares have been suspended on the Stock Exchange from 9:30 a.m. on 21 November 2005 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 22 November 2005.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agent”	Phoenix Capital Securities Limited, a licensed corporation permitted to engage in type 1 (dealing in securities) of the regulated activities under the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“AGM”	the annual general meeting of the Company held on 9 August 2005
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	FX Creations International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion Date”	the date of completion of the Placing
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“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 Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the the GEM Listing Rules
“Listing Committee”	the listing sub-committee appointed by GEM for considering applications for listing and the granting of listing
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Agent to purchase any of the Placing Shares pursuant to the Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of placing of the Placing Shares by or on behalf of the Agent to selected investors pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 21 November 2005 and entered into between the Company and the Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.033 per Placing Share
“Placing Shares”	the 60,504,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

“%” per cent.

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

Hong Kong, 21 November 2005

*As at the date of this announcement, the executive Directors are Ng Pak To, Petto, Ong Chor Wei and Chan Man Yin. The independent non-executive Directors are Lee Kun Hung, Wong Hou Yan, Norman and Cheung Chi Hwa, Justin.*

*This announcement, for which the Directors of the Company 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 Company. 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 Announcements” page of the GEM website for at least 7 days from the date of its posting.*