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If you have sold all your shares in FX Creations International Holdings Limited (the "Company"), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief: (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



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)

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF DIRECTORS**

The notice convening the annual general meeting of the Company to be held at Workshop A6, 12th Floor, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon, Hong Kong on Friday, 30 July 2004 at 11:00 a.m. (the "AGM") is set out in the annual report of the Company for the year ended 31 March 2004 (the "Annual Report").

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting.

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

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

“AGM”	an annual general meeting of the Company for the year ended 31 March 2004 to be held at Workshop A6, 12th Floor, Block A, Hong Kong Industrial Centre, 489-491 Castle Peak Road, Kowloon, Hong Kong on Friday, 30 July 2004 at 11:00 a.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the year ended 31 March 2004
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	FX Creations International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 June 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Registrar”	the branch share registrar of the Company in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Repurchase Mandate”	the general mandate to be granted to the Directors to exercise the powers of the Company to repurchase Shares during the period as set out in the Repurchase Resolution up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution

DEFINITIONS

“Repurchase Resolution”	the proposed ordinary resolution in the terms set out in resolution no. 5 of the notice of the AGM
“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)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE CHAIRMAN



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)

Executive Directors:

Mr. Ng Pak To, Petto (*Chairman*)

Mr. Ho Kai Chung, David

Mr. Ong Chor Wei

Non-executive Director:

Mr. Wong Wai Shan

Independent Non-executive Directors:

Mr. Christopher C. Leu

Ms. Kau Man Wai, Leslie

Mr. Guo Jian

Registered Office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681GT

George Town

Grand Cayman

Cayman Islands

British West Indies

Head Office and Principal

Place of Business:

Workshop A6, 12th Floor, Block A

Hong Kong Industrial Centre

489-491 Castle Peak Road

Kowloon

Hong Kong

28 June 2004

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

At the AGM, resolutions will be proposed (i) to grant to the Directors general mandates to allot or issue new Shares and to repurchase Shares, (ii) to amend the Articles of Association and (iii) to re-elect the retiring Directors.

* For identification purposes only

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed in the terms set out in resolution no. 4 of the notice of the AGM whereby if passed, the Directors will be given a general and unconditional mandate to allot or issue new Shares, representing up to 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution. In addition, if the Repurchase Resolution is passed, an ordinary resolution will be proposed in the terms set out in resolution no. 6 of the notice of the AGM whereby if passed, the Directors will be authorised to allot or issue further Shares up to an amount equal to the aggregate nominal amount of the issued share capital of the Company purchased under the Repurchase Mandate.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, the Repurchase Resolution will be proposed that the Directors be granted the Repurchase Mandate. The Repurchase Mandate allows the Company to make purchases only during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable law; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company (the "Relevant Period").

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,000,000 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed to repurchase a maximum of 40,000,000 Shares under the Repurchase Mandate.

An explanatory statement required to be sent to the Shareholders under the GEM Listing Rules is attached herewith to provide the requisite information to you to make an informed decision in relation to the Repurchase Resolution.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of the enactment of the SFO with effect from 1 April 2003 and the amendments to the GEM Listing Rules with effect from 31 March 2004, the Directors propose to amend the Articles of Association. In principle, the Articles of Association will be amended in the following respects:

- (a) in Article 2, "associate" shall be added to the definition to mean the meaning attributed to it in the GEM Listing Rules;
- (b) in Article 2, "clearing house" shall be amended to mean a clearing house or authorised share depository recognised by the laws of the jurisdiction in which the Shares are listed or quoted on a stock exchange in such jurisdiction;

LETTER FROM THE CHAIRMAN

- (c) in Article 88, the minimum length of the period during which notice to the Company of the intention to propose a person for election as a Director and during which notice to the Company by such person of his willingness to be elected may be given will be at least 7 days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than 7 days prior to the date of such meeting;
- (d) in Article 103, the Directors shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest and he shall not be counted in the quorum at the relevant board meeting; and
- (e) in Article 76(2), where any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

A special resolution will be proposed at the AGM to seek the Shareholders' approval of the above amendments to the Articles of Association by show of hands.

RE-ELECTION OF DIRECTORS

In relation to resolution no. 2 in the notice of the AGM regarding the re-election of Directors, Mr. Christopher C. Leu and Mr. Guo Jian will retire at the AGM pursuant to the Articles of Association, and, being eligible, will offer themselves for re-election. Biographical details of the retiring Directors are set out below:

- (i) Mr. Christopher C. Leu, aged 44, is an independent non-executive Director. He holds a Bachelor of Science Degree in Business Administration and Master of Science Degree in Systems Management from the University of Southern California. He is also a Ph.D. candidate in International Political Economy at the University of Southern California. He has over twenty years of finance and banking experience. He was appointed as an independent non-executive Director in January 2002. He does not have any relationships with any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He does not have any interests in the Shares within the meaning of Part XV of the SFO. He is currently an independent non-executive director of Vaso Digital International Holdings Limited. He has no service contract with the Company. There is no fixed term for his appointment and he is subject to retirement by rotation in accordance with the Articles of Association. He has not received any emoluments for services to the Company.
- (ii) Mr. Guo Jian, aged 38, was appointed as an independent non-executive Director in August 2003. He has been working as a manager for an import and export company in the PRC since June 2001. Prior to that, he worked as a general

LETTER FROM THE CHAIRMAN

manager in a luggage manufacturing company in the PRC for about two years. He completed a diploma course in electrical and engineering at 湖南工業職工大學 (Hunan Industrial Professional University) in the PRC in July 1994 and a diploma course in Economic Management from 中共中央黨校函授學院 (Communist China Public School) in December 1999. He does not have any relationships with any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. He does not have any interests in the Shares within the meaning of Part XV of the SFO. He has no service contract with the Company. There is no fixed term for his appointment and he is subject to retirement by rotation in accordance with the Articles of Association. He has not received any emoluments for services to the Company.

ANNUAL GENERAL MEETING

The notice convening the AGM is set out in the Annual Report.

A copy of the Annual Report incorporating copies of the audited consolidated accounts of the Company for the year ended 31 March 2004 and the directors' and the auditors' reports thereon is despatched to the Shareholders together with this circular.

A form of proxy for the AGM is enclosed with the Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Registrar in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof if you so wish.

None of the Shareholders will be required to abstain from voting at the AGM.

PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded (i) by the chairman of the meeting; or (ii) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or (iv) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

LETTER FROM THE CHAIRMAN

RECOMMENDATION

The Directors believe that the grant of the general mandate to issue Shares and the Repurchase Mandate and the amendments to the Articles of Association are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary and special resolutions to be proposed at the AGM.

FURTHER INFORMATION

Your attention is drawn to the appendix to this circular containing an explanatory statement as required pursuant to Rule 13.08 of the GEM Listing Rules.

Yours faithfully,
Ng Pak To, Petto
Chairman

This appendix serves as an explanatory statement as required to be sent to the Shareholders pursuant to Rule 13.08 of the GEM Listing Rules to provide the requisite information to you to make an informed decision in relation to the Repurchase Resolution proposed at the AGM.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,000,000 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company will be allowed to repurchase a maximum of 40,000,000 Shares, representing 10% of the issued share capital of the Company.

REASON FOR REPURCHASE

The Directors believe that the grant of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company.

The Repurchase Mandate will only be exercised when the Directors believe that such repurchase will benefit the Company and the Shareholders as a whole.

The Directors have no present intention to repurchase any Shares.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company will only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the laws of the Cayman Islands and the GEM Listing Rules. The Company will not purchase the Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the financial position of the Company as at 31 March 2004 (being the date of its latest published audited consolidated accounts) in the event that the repurchase of Shares were to be carried out in full at any time during the Relevant Period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM in each of the previous twelve months before the Latest Practicable Date are as follows:

Month	Highest HK\$	Lowest HK\$
2003		
June	0.195	0.178
July	0.208	0.160
August	0.150	0.134
September	0.191	0.132
October	0.198	0.179
November	0.180	0.172
December	0.175	0.150
2004		
January	0.175	0.140
February	0.179	0.145
March	0.171	0.146
April	0.168	0.160
May	0.169	0.130
June (up to and including the Latest Practicable Date)	0.130	0.115

UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate in the event that it is approved by the Shareholders at the AGM.

No other connected persons (as defined in the GEM Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so under the Repurchase Mandate in the event that it is approved by the Shareholders at the AGM.

THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the

Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the following person was interested in 10% or more of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the interest of such person will be increased to approximately the percentage set out in the last column as follow:

Name of Shareholder	Number of Shares held	Approximate percentage of shareholding (%)	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full (%)
Wise New Management Limited ("Wise New")	280,000,000 <i>(Note)</i>	70	77.78

Note: These Shares represent a 70% equity interest in the Company and are held by Wise New. The issued share capital of Wise New is beneficially owned by Cashtram Associates Limited ("Cashtram") as to 45%, FX Creations (Holding) Inc. ("FXHI") as to 30% and Forge Smart Investments Limited ("Forge Smart") as to 25%. Mr. Ng Pak To, Petto holds 40% and 100% equity interests in Cashtram and Forge Smart. Mr. Ho Kai Chung, David holds 30% equity interests in Cashtram. Mr. Wong Wai Shan holds 100% equity interests in FXHI.

The Directors will not repurchase the Shares on GEM if the repurchase would result in the number of the listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage for the Company as required by the Stock Exchange.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

SHARE REPURCHASE MADE BY THE COMPANY

No purchase of Shares has been made by the Company in the preceding six months (whether on the Stock Exchange or otherwise) ending on the Latest Practicable Date.