

CHAIRMAN'S STATEMENT

Being successful listed on the main board of The Hong Kong Stock Exchange Limited marked great development in the history of Fu Cheong International Holdings Limited (the "Company"), together with its subsidiaries (the "Group").

Accumulating knowledge of producing traditional printed circuit boards (the "PCB(s)") in past thirteen years, the Group is on the mark and ready for development and production of higher value PCB products and up-stream materials used in the PCB industry.

The Group's turnover for the nine months ended 30 September 2002 was approximately HK\$157,900,000, gross profit ("G.P.") was HK\$44,300,000, comparing with same period of 2001 (Turnover approximately HK\$150,300,000, G.P HK\$43,600,000), there was an approximate 5.1% and 1.7% increase.

For the whole year, carbon through hole paper phenolic ("CHPP") PCBs and high-density ("HD") PCB contributed to about 43.4% and 21.1% of total turnover of the Group respectively.

However, the Group faced many unexpected events at the end of 2002. Many loyal customers reduced their purchase orders. On the other hand, many suppliers reduced their credit period for the Group.

At the same time, the principal bankers of the Group required earlier settlement of short and middle term bank loan approximately HK\$13 million.

Those sudden events led a dilemma for the management (the "Management") of the Group. The Management should make decision to shelve all expansion plans. The Management understand that courage is needed for overcoming problems. Achievement is needed for releasing Management's responsibilities. During the period of hardship, all remaining staff and workers in the Group have not show a little dejection and grumble. Under efforts of all staff and workers, our business has been stabilised. All bank loans have been repaid at the end of September of 2003. The remain is appreciation for all staff and workers of the Group.

At the end of this report, I hope the shareholders of the Company will continue to support our Management.

BUSINESS REVIEW

The Group manufactures PCBs in the People's Republic of China (the "PRC") and sells the products to consumer electronics manufacturers that are based in Hong Kong but with production facilities in the PRC.

Our PCB portfolio comprises five categories – carbon through hole paper phenolic ("CHPP") single-side PCB with carbon jumper, paper phenolic double-side plate through hole PCB, high-density ("HD") PCB and mylar PCB (carbon/silver paste). PCB is the key material for myriad consumer electronic products, and different PCBs are deployed for the manufacture of calculators, remote controls, portable game sets, watches, data banks, PDAs, MP3 players, digital cameras, universal serial bus devices joy stick, audio, car accessories and telecommunications devices.

Our comprehensive and well-balanced product mix of quality assured PCBs has enabled us to cater to the changing market demands and evolving industry trends.

Demand for the Group's other PCBs dropped substantively during the year under review which appeared to be affected by the investigation by the Independent Commission Against Corruption and the strike which occurred in the container terminal in the west coast of the United States of America, but a production still flow throughout the year. We are also certainly requited by the accomplishments made in increasing production efficiency and cost effectiveness through implementation of stringent control measures on our operation and quality assurance.

BUSINESS PROSPECTS

We hope the Closer Economic Partnership Arrangement Between Hong Kong And the Mainland will bring a recovery to Hong Kong economy. We continue to be optimistic as to the future prospects of our PCB manufacturing and sales business.

On behalf of the Group, I would also like to extend my sincere thanks and appreciation to the Group's employees and management team for their dedication, commitment and contribution to the Group.

Ho Wing Cheong

Chairman

Hong Kong, 6 November 2003