
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in HANG TEN GROUP HOLDINGS LIMITED, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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HANG TEN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 448)

DISCLOSEABLE TRANSACTION

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DEFINITIONS

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

“Acquisition”	the acquisition of the Property under the Agreement
“Agreement”	the sale and purchase agreement dated 20 November 2007 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Board”	the board of Directors
“Company”	Hang Ten Group Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Consideration”	the consideration for the Acquisition being KRW5.3 billion (equivalent to approximately HK\$44,470,000)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	7 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	5/F, Byucksan Digital Valley 5th, Gasan-Dong 60-73, Geumcheon-Gu, Seoul, Korea
“Purchaser”	Hang Ten Korea Corp., a company organized under the laws of the Republic of Korea, an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

DEFINITIONS

“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Argus Co., Ltd., a company incorporate in the Republic of Korea with limited liability, which the ultimate beneficial owner(s) of which are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Independent Third Parties
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“KRW”	South Korea Won, the lawful currency of the Republic of Korea
“US\$”	United States dollars, the lawful currency of the United States of America

For the purpose of this circular, the conversion rate of KRW shall be HK\$1 = KRW119.18 and of US\$ shall be HK\$7.8 = US\$1.

LETTER FROM THE BOARD



HANG TEN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 448)

Executive Directors:

Mr. Chan Wing Sun
Mr. Kenneth Hung
Ms. Kao Yu Chu
Ms. Wang Li Wen

Registered office:

Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

Independent non-executive Directors:

Mr. Cheung Yat Hung Alton
Mr. Kwong Chi Keung
Mr. So Hon Cheung Stephen

Principal office in Hong Kong:

Room 912, 9th Floor
Stanhope House
734 King's Road
Quarry Bay
Hong Kong

11 December 2007

To shareholders of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

It was announced on 22 November 2007 that on 20 November 2007, the Purchaser, a wholly-owned subsidiary of the Company entered into the Agreement to acquire the Property from the Vendor at a Consideration of KRW5.3 million (equivalent to approximately HK\$44,470,000).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

The entering into of the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide the Shareholders with further information of the transactions contemplated under the Agreement and other information as required under the Listing Rules.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE AGREEMENT

- Date** : 20 November 2007
- Parties** : Vendor: Argus Co., Ltd., a limited liability company incorporated in the Republic of Korea
- Purchaser: Hang Ten Korea Corp., a company organized under the laws of the Republic of Korea, an indirect wholly-owned subsidiary of the Company
- Property** : 5/F, Byucksan Digital Valley 5th, Gasan-Dong 60-73, Geumcheon-Gu, Seoul, Korea
- Consideration** : KRW5.3 billion (equivalent to approximately HK\$44,470,000) in cash. An initial deposit of KRW0.53 billion (equivalent to approximately HK\$4,447,000) has been paid by the Purchaser to the Vendor upon signing of the Agreement. A further deposit of KRW1.060 billion (equivalent to approximately HK\$8,894,000) shall be paid by the Purchaser to the Vendor on 20 January 2008. The balance of KRW3.71 billion (equivalent to approximately HK\$31,129,000) shall be paid by the Purchaser to the Vendor upon Completion, which is expected to be on or before 30 April 2008.
- Completion** : Completion of the sale and purchase of the Property shall take place on or before 30 April 2008. The Purchaser shall have the right to call upon the Vendor to advance Completion by mutual agreement of the parties. The Vendor shall deliver vacant possession of the Property to the Purchaser.

INFORMATION ON THE PROPERTY AND REASONS FOR THE ACQUISITION

The Property is an office premises on the fifth floor of Byucksan Digital Valley 5th, Gasan-Dong 60-73, Geumcheon-Gu, a 15-storey office tower located at the newly developed commercial district of Seoul, with a gross floor area of approximately 44,950 square feet (usable floor area of approximately 26,520 square feet). To the best of the Directors' knowledge, information and belief, the Property has been used and occupied by the Vendor.

The current intended purpose for acquiring the Property is for the Group's self-occupation and use. The Directors consider that the Acquisition provides an opportunity to expand the Group's assets base and to cope with the Group's development. The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Directors are of the view that the Acquisition will not have any immediate effect on the earnings and assets and liabilities of the Group.

CONSIDERATION

The Consideration was agreed between the Purchaser and the Vendor after arm's length negotiations with reference to the prevailing market price of other office premises of comparable size and quality in the area where the Property is located provided by the estate agent.

The Consideration will be financed partially by internal source of funding of the Group and partially by external loan from bank.

INFORMATION ON THE PARTIES

The Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under the brand "Hang Ten" and other brand names, and licensing of its proprietary trademarks.

As far as the Directors are aware, the Vendor is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
for and on behalf of the Board
Chan Wing Sun
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Name	Name of company	Capacity	Number of shares	Approximate percentage shareholding
Mr. Kenneth Hung	the Company	Beneficial owner	36,200,000 (long position)	3.69%
Ms. Kao Yu Chu	the Company	Beneficial owner	9,000,000 (long position)	0.92%
Ms. Wang Li Wen	the Company	Beneficial owner	9,000,000 (long position)	0.92%

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the Securities and Futures Ordinance) or which were required, pursuant to section 352 of Securities and Futures Ordinance, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following interests and short position of 5% or more of the share capital of the Company were recorded in the register of interests required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity	Number of Shares	Approximate percentage shareholding
Asian Wide Services Limited <i>(note 1)</i>	Beneficial owner	369,886,000 (long position)	37.66%
YGM Trading Limited <i>(note 2)</i>	Beneficial owner	201,200,000 (long position)	20.48%

Notes:

1. Asian Wide Services Limited is a limited liability company incorporated in the British Virgin Islands, which is owned as to 29% by Ms. Hung Cheng Sui Tsen, 29% by Mr. Kenneth Hung, 21% by Ms. Hung Chung Yee Pamela and 21% by Ms. Hung Pui Kee Peggy.
2. YGM Trading Limited is a limited liability company incorporated in Hong Kong, which shares are listed on the main board of the Stock Exchange.

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities or in any options in respect of such capital were as follows:

Name of shareholder	Name of company	Number of Shares	Approximate percentage shareholding
Mr. Chua Kun Yao	Hang Ten Phils., Corp. <i>(note)</i>	700,000	14%
Mr. William T. De Leon	Hang Ten Phils., Corp. <i>(note)</i>	700,000	14%
Mr. Johnny Tan	Hang Ten Phils., Corp. <i>(note)</i>	700,000	14%

Note: Hang Ten Phils., Corp. is a 55% indirectly owned subsidiary of the Company.

Save as disclosed herein, so far as was known to the Directors, there was no other person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

4. SERVICE CONTRACTS

Mr. Kenneth Hung, executive Director, has entered into a service agreement with ILC International Corporation, a wholly owned subsidiary of the Company, for a term of three years commencing from 1 January 2007 terminable within its term by notice on ground of incapacitation, misconduct and bankruptcy of the executive Director. Pursuant to the service agreement, Mr. Kenneth Hung is entitled to a remuneration of US\$21,780 per month for the period from 1 January 2007 to 31 March 2007 and US\$19,800 per month thereafter. Mr. Kenneth Hung is also entitled to a bonus equivalent to 3% of the net profit after tax of ILC International Corporation and its subsidiaries.

Ms. Kao Yu Chu and Ms. Wang Li Wen, executive Directors, have respectively entered into (i) service agreements (“HT Enterprises Contracts”) with Hang Ten Enterprises Limited, a wholly owned subsidiary of the Company and (ii) service agreements (“HT Branch Contracts”) with Hang Ten Enterprises Limited, Taiwan Branch (“HT Branch”). Particulars of these four (4) service agreements, except as indicated, are in all material respects identical and set out below:

- (a) each service agreements is for a term (“Term”) of three (3) years commencing from 1 April 2007 respectively, terminable within its terms by notice on ground of incapacitation, misconduct and bankruptcy of the executive Directors;
- (b) pursuant to the HT Enterprises Contracts, Ms. Kao Yu Chu and Ms. Wang Li Wen are respectively entitled to a fixed salary of US\$8,500 per month, US\$9,000 per month and US\$9,500 per month for the first year, second year and third year of the Term with twelve monthly payments per year;
- (c) pursuant to the HT Branch Contracts, Ms. Kao Yu Chu and Ms. Wang Li Wen are respectively entitled to a fixed salary of New Taiwan dollars (“NT\$”) 3,600,000 per annum and NT\$2,940,000 per annum payable in twelve monthly installments subject to increment at the discretion of the board of directors of HT Branch, having regard to HT Branch’s and their respective performance, at every anniversary of the Term;
- (d) pursuant to the HT Branch Contracts, Ms. Kao Yu Chu and Ms. Wang Li Wen may be entitled to a discretionary management bonus, at the discretion of the board of directors of HT Branch, having regard to HT Branch’s and their respective performance, at every anniversary of the Term.

As at the Latest Practicable Date, saved as disclosed above, none of the Directors has entered into any service contract with the Company or any other member of the Group (excluding contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates (within the meaning defined in the Listing Rules) has any interests in a business which competes or may compete with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claims which is in the opinion of the Directors of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. MISCELLANEOUS

- (a) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The secretary of the Company is Mr. Lee Kin Keung, Lawrence, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.
- (c) The qualified accountant of the Company is Mr. Lee Kin Keung, Lawrence who is a member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia (as required under Rule 3.24 of the Listing Rules).
- (d) The English text of this circular shall prevail over the Chinese text.