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## IMPORTANT

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**If you are in any doubt** as to any aspect of 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

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor;
“Agreement”	the agreement dated 1 May 2008 entered into between the Vendor and the Purchaser relating to the Acquisition;
“associates”	has the meaning defined under the Listing Rules;
“Board”	the board of Directors;
“Company”	Hang Ten Group Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange;
“Completion”	completion of the Agreement;
“Consideration”	the total amount of NT\$136,880,000 (equivalent to approximately US\$4,494,000), being the consideration for the Acquisition;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hang Ten Enterprises” or “Purchaser”	Hang Ten Enterprises Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates;
“Latest Practicable Date”	19 May 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong and the Macau Special Administrative Region;
“Property”	Second floor of a commercial building known as Nos. 49 & 51, Lane 35, Jihu Road, Neihu District, Taipei, Taiwan (“Building”) and 10 car parking spaces;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Eastern House Enterprises Co., Ltd., a company incorporated under the laws of Taiwan, an Independent Third Party;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan; and
“US\$”	United States dollars, the lawful currency of the United States of America.

*For the purpose of this circular, the exchange rate of NT\$30.456 = US\$1 has been used for currency translation. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in US\$ or NT\$ have been, could have been or may be converted at such or any other rate or at all.*



## 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 and Head Office  
in Hong Kong:***

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

22 May 2008

*To all the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION**

#### **INTRODUCTION**

On 5 May 2008, the Company announced that Hang Ten Enterprises, an indirect wholly-owned subsidiary of the Company, entered into the Agreement to purchase the Property at a cash consideration of NT\$136,880,000 (equivalent to approximately US\$4,494,000) from an Independent Third Party.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with information relating to the Acquisition in accordance with the Listing Rules.

#### **THE AGREEMENT**

**Date**

1 May 2008

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## LETTER FROM THE BOARD

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### Parties

Vendor : Eastern House Enterprises Co., Ltd.

Purchaser : Hang Ten Enterprises, an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor is a garments trading and exporting company and the Vendor (and its ultimate beneficial owner(s)) are Independent Third Parties.

### Property purchased

Second floor of a commercial building known as Nos. 49 and 51, Lane 35, Jihu Road, Neihu District, Taipei, Taiwan ("Building") and 10 car parking spaces.

The Property will be sold free from encumbrances with vacant possession on Completion. It has a gross area of approximately 815 square meters (excluding the car parking spaces).

The Building is an eight-level commercial building plus 3 levels of underground parking spaces and was built in January 2000. It is located in the Taipei Neihu Technology Park, and is about 20 minutes driving distance from the centre of Taipei city.

### Consideration

NT\$136,880,000 (equivalent to approximately US\$4,494,000). The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) upon signing of the Agreement, a sum of NT\$20,532,000 (equivalent to approximately US\$674,000), representing 15% of the Consideration has been paid by the Purchaser to the Vendor;
- (b) upon payment of various transaction taxes by the Vendor, a sum of NT\$20,532,000 (equivalent to approximately US\$674,000), representing 15% of the Consideration shall be payable by the Purchaser to the Vendor; and
- (c) the balance of NT\$95,816,000 (equivalent to approximately US\$3,146,000) shall be payable on Completion, which is expected to take place by the end of May 2008.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser, taking into account the market value of other properties in the Building and of similar properties in the nearby areas. The Consideration will be financed by the internal resources of the Group. The Directors consider that the Consideration and other terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### **Principal Activity**

The Group is principally engaged in the design, marketing and retail and wholesale of apparel and accessories under various brand names including ‘Hang Ten’ and licensing of its proprietary trade mark ‘Hang Ten’ and associated marks.

### **Reasons and financial effects of the Acquisition**

The Directors intend to use the Property as offices for the Group in the future, and pending for the Group’s own use, the Group will lease out the Property. Having regard to the expected upturn of the Taiwan economy and the property market, the Directors consider the Acquisition presented additional capacity to the Group for expansion and also a good opportunity for the Group to invest in the property market in Taiwan with a view to realise a long term gain.

Upon Completion, the fixed asset of the Group will be increased by approximately US\$4,494,000, equivalent to the amount of the Consideration, and the amount of cash balance held by the Group will be decreased by an approximate equivalent amount. As the Property will be delivered to the Group free from encumbrances with vacant possession, it will not have any effect on the earnings of the Group prior to its being leased out or on the liabilities of the Group.

### **GENERAL**

Your attention is drawn to the further information contained in the appendix to this circular.

By order of the Board  
**Hang Ten Group Holdings Limited**  
**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. DISCLOSURE OF INTERESTS

### (a) Interests of Directors

As at the Latest Practicable date, the interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) of the Directors and the chief executive of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follow:

Long position in Shares:

Name of Director	Capacity	Total number	Approximate Shareholding Percentage
Mr. Kenneth Hung	Beneficial owner	36,200,000	3.69%
Ms. Kao Yu Chu	Beneficial owner	9,000,000	0.92%
Ms. Wang Li Wen	Beneficial owner	9,000,000	0.92%

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



**(b) Interests of 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:

Long position in Shares:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate Shareholding Percentage</b>
Asian Wide Services Limited ( <i>Note 1</i> )	Beneficial Owner	369,886,000	37.66
YGM Trading Limited ( <i>Note 2</i> )	Beneficial Owner	201,200,000	20.48

*Notes:*

1. Asia 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, the shares of which are listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, so far as the Directors were aware, those persons who held (other than members of the Group) interests of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of a member of the Group (other than the Company) or in any options in respect of such capital were as follows:

<b>Name of Owner</b>	<b>Name of Subsidiary</b>	<b>Number of Shares</b>	<b>% of Equity Interests</b>
Mr. Chua Kun Yao	Hang Ten Phils., Corp.	700,000	14%
Mr. William T. De Leon	Hang Ten Phils., Corp.	700,000	14%
Mr. Johnny Tan	Hang Ten Phils., Corp.	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.

**(c) 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)).

**3. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries is engaged in any litigation or claims which is in the opinion of the Directors of material importance and no litigation or claims which is in the opinion of the Directors of material importance is known to them to be pending or threatened against any member of the Group.

**4. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

**5. GENERAL**

- (a) 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.
- (b) 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).
- (c) 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.
- (d) The English text of this circular shall prevail over the Chinese text.