
IMPORTANT

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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.



HANG TEN GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 448)

DISCLOSEABLE TRANSACTIONS

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DEFINITIONS

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

“ABH”	American Brand Holdings, LLC, a limited liability company incorporated in the State of Delaware, the United States of America, an Independent Third Party;
“Acquisition”	the acquisition of the Property by the Property Purchaser from the Property Vendors;
“Acquisition Agreements”	the 3 agreements all dated 22 May 2008 entered into between each of the Property Vendors and the Property Purchaser relating to the Acquisition;
“Acquisition Completion”	completion of the Acquisition Agreement(s);
“Acquisition Consideration”	the total amount of NT\$175,880,000 (equivalent to approximately US\$5,790,000), being the aggregate consideration under the Acquisition Agreements for 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;
“Contract Rights”	all of ILC’s rights and obligations under contracts relating to the Trademark Rights as of the date of the Sale Agreement;
“Directors”	directors of the Company;
“EPN”	EPN Licensing LLC, a California Corporation and an Independent Third Party;
“Extended Closing Payment Date”	the postponed date for payment of all of the Second Payment (where the Option is exercised), which shall be up to, but not to exceed, 120 days beyond the First Closing Payment Date;

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“First Closing Payment Date”	the date for payment of the Second Payment (where the Option is not exercised), which shall be on or before the later of (a) 31 July 2008 or (b) 90 days from the date of the Sale Agreement (i.e. 21 August 2008);
“Group”	the Company and its subsidiaries;
“Hangten Website”	the hangten.com website;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“ILC”	ILC Trademark Corporation, a company organized under the laws of the British Virgin Islands, a wholly-owned subsidiary of the Company;
“ILCC”	International Licensing California Corp., a company organized under the laws of the United States of America, a wholly-owned subsidiary of the Company;
“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is a/are third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules);
“Latest Practicable Date”	10 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“License Agreements”	the 2 license agreements in relation to the use of the Trademarks in the Territory entered into by the Group with 2 Independent Third Parties (including a license agreement with ABH), one of which will expire in March 2010 and the other will expire in December 2008;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Option”	the option of ABH to postpone the date for payment of the Second Payment for up to, but not to exceed, 120 days beyond the First Closing Payment Date;

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“PRC”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong and the Macau Special Administrative Region;
“Previous Announcement”	the announcement of the Company dated 3 July 2007, in relation to the Previous Option Agreement;
“Previous Option”	the option granted by ILC to ABH to acquire the Trademarks under the Previous Option Agreement;
“Previous Option Agreement”	the purchase option agreement dated 29 June 2007 entered into among ILC, ILCC and ABH, pursuant to which, ILC has granted the Previous Option to ABH to acquire the Trademarks;
“Property”	Ninth floor of a commercial building situated at nos. 81, 83 and 85 Jhouzih Street, Neihu District, Taipei, Taiwan (“Building”) and 5 car parking spaces;
“Property Vendors”	Mr. Lu Lien Sheng, Ms. Cho Min Chi and Ms. Chen Ming Yu;
“Sale Agreement”	the agreement for the sale and purchase of the Trademarks and related rights dated 23 May 2008 entered into between ABH as purchaser and ILC as seller;
“Second Payment”	US\$9,400,000 in cash payable by ABH on the First Closing Payment Date;
“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;
“Territory”	the countries of the United States and Canada and their respective territories and possessions;
“Trademarks”	various trademarks and service marks of “HANG TEN”, “Double Foot Print Device”, “HANG TEN & Double Foot Print Device”, “Footprint & Design”, “Footprint Design” and “HANG TEN & design” with respect to the Territory as listed out in the Sale Agreement;

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“Trademark Purchase Price”	the purchase price for the Trademark Rights and Contract Rights under the Sale Agreement;
“Trademark Rights”	all common law rights in the Trademarks in the Territory; all registrations, and applications for registration, of the Trademarks in the Territory and the Hangten Website, and all renewals of such registrations;
“Trademark Sale”	the sale of the Trademark Rights and related rights by ILC to ABH pursuant to the Sale Agreement;
“Trademark Sale Closing”	completion of the Sale Agreement;
“Yangtze Apparel” or “Property Purchaser”	Yangtze Apparel Taiwan Enterprise Limited, a company incorporated in Taiwan and an indirect wholly owned subsidiary of the Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan; and
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States of America.

For the purpose of this circular, the exchange rates of NT\$30.373 = US\$1 and US\$1 = HK\$7.8 have been used for currency translation. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amount in US\$ or NT\$ or HK\$ have been, could have been or may be converted at such or any other rate or at all.

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 and Head Office

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

13 June 2008

To all the Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTIONS

INTRODUCTION

On 23 May 2008, the Company announced that Yangtze Apparel, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreements to purchase the Property at a total cash consideration of NT\$175,880,000 (equivalent to approximately US\$5,790,000) from the Property Vendors, 3 Independent Third Parties.

On 27 May 2008, the Company announced that ILC, a wholly-owned subsidiary of the Company, entered into the Sale Agreement to sell the Trademark Rights and Contract Rights at a cash consideration of US\$10,400,000 to ABH, an Independent Third Party.

Each of the Acquisition and the Trademark Sale 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 and the Trademark Sale in accordance with the Listing Rules.

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THE ACQUISITION

The Acquisition Agreements

Date

22 May 2008

Parties

Property Vendors : Mr. Lu Lien Sheng (“Mr. Lu”)
Ms. Cho Min Chi (“Ms. Cho”)
Ms. Chen Ming Yu (“Ms. Chen”)

Property Purchaser : Yangtze Apparel, an indirect wholly-owned subsidiary of the Company

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, the Property Vendors are Independent Third Parties and business partners, who purchased the Property together.

The 3 Acquisition Agreements are not inter-conditional upon each other.

Property purchased

Ninth floor of a commercial building situated at nos. 81, 83 and 85 Jhouzih Street, Neihsu District, Taipei, Taiwan (“Building”) and 5 car parking spaces.

The Property is currently vacant and will be sold free from encumbrances with vacant possession on Acquisition Completion. It has a gross area of approximately 1,070 square meters (excluding the car parking spaces) (as to approximately 364 square meters and 3 car parking spaces in relation to the Acquisition Agreement with Mr. Lu; approximately 353 square meters and 1 car parking space in relation to the Acquisition Agreement with Ms. Cho; and approximately 353 square meters and 1 car parking space in relation to the Acquisition Agreement with Ms. Chen).

The Building is a ten-level commercial building plus 2 levels of underground parking spaces and was built in about 1998. It is located in the Taipei Neihsu Technology Park, and is about 20 minutes driving distance from the centre of Taipei city.

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Acquisition Consideration

Total: NT\$175,880,000 (equivalent to approximately US\$5,790,000).

(as to NT\$61,800,000 (equivalent to approximately US\$2,035,000) in relation to the Acquisition Agreement with Mr. Lu; NT\$57,000,000 (equivalent to approximately US\$1,876,000) in relation to the Acquisition Agreement with Ms. Cho and NT\$57,080,000 (equivalent to approximately US\$1,879,000) in relation to the Acquisition Agreement with Ms. Chen)

The Acquisition Consideration shall be satisfied by the Property Purchaser in the following manner:

- (a) upon signing of the Acquisition Agreements, an aggregate sum of NT\$35,176,000 (equivalent to approximately US\$1,158,000), representing 20% of the Acquisition Consideration has been paid by the Property Purchaser to the Property Vendors;
- (b) upon payment of various transaction taxes by a Property Vendor, an additional 10% of the consideration under the relevant Acquisition Agreement shall be payable by the Property Purchaser to such Property Vendor (i.e. Total amounts under the Acquisition Agreements: NT\$17,588,000 (equivalent to approximately US\$579,000)); and
- (c) the balancing 70% of the Acquisition Consideration (i.e. Total amounts under the Acquisition Agreements: NT\$123,116,000 (equivalent to approximately US\$4,053,000)) shall be payable on Acquisition Completion, which shall take place on or before 23 June 2008.

The Acquisition Consideration was determined after arm's length negotiations between the Property Vendors and the Property Purchaser, taking into account the market value of other properties in the Building and of similar properties in the nearby areas. The Acquisition Consideration will be financed by the internal resources of the Group. The Directors (including the independent non-executive Directors) consider that the Acquisition Consideration and other terms of the Acquisition Agreements are fair and reasonable and in the interests of the Shareholders as a whole.

Reasons and financial effects of the Acquisition

The Directors currently intend to lease out the Property after Acquisition Completion. Having regard to the expected upturn of the Taiwan economy and the property market, the Directors consider the Acquisition presented a good opportunity for the Group to invest in the property market in Taiwan with a view to realise a long term gain as well as providing additional capacity to the Group for future expansion.

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Upon Acquisition Completion, the fixed asset of the Group will be increased by approximately US\$5,790,000, equivalent to the amount of the Acquisition 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 is expected that the Acquisition will not have any effect on the earnings of the Group prior to the Property being leased out or on the liabilities of the Group.

THE TRADEMARK SALE

Background

On 3 July 2007, the Company announced in the Previous Announcement that ILC, ILCC and ABH entered into the Previous Option Agreement, pursuant to which ILC granted to ABH the Previous Option to acquire the Trademarks. The Previous Option would become valid and exercisable by ABH upon the satisfaction of certain condition precedents as set out in the Previous Announcement. As at the date of this announcement, those condition precedents have not been satisfied, and thus the Previous Option has not become valid nor exercisable.

On 23 May 2008, ILC and ABH entered into the Sale Agreement pursuant to which in consideration of a sum of US\$10,400,000, ILC sells, transfers and assigns to ABH, and ABH purchases from ILC, all of ILC's right, title and interest in the Trademark Rights and Contract Rights. Upon Trademark Sale Closing, the Previous Option will lapse and have no further effect.

The Sale Agreement

Date: 23 May 2008

Parties:

1. ILC, as seller and a wholly owned subsidiary of the Company; and
2. ABH, as purchaser and an Independent Third Party.

Purchase and Sale of Trademark Rights and Related Rights

Effective upon the Trademark Sale Closing, ILC sells, transfers and assigns to ABH, and ABH purchases from ILC, all of ILC's right, title and interest in the Trademark Rights and Contract Rights.

As at the date of the Sale Agreement, the Contract Rights comprise: (1) a License Agreement entered into by the Group with ABH expiring in March 2010 in relation to the use of the Trademarks in the United States and, upon expiration of the License Agreement referred to in (2), Canada. Such License Agreement shall automatically be renewed for successive 3 years term upon expiration unless otherwise notified by ABH; and (2) a License Agreement

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entered into by the Group with another Independent Third Party in relation to the use of the Trademarks in Canada expiring in December 2008. The license fees payable to the Group under the 2 License Agreements are based on the revenues generated from the sale of apparel and accessories bearing the Trademarks in the Territory, subject to the following minimum amounts:

Minimum Amounts	Financial Year (ending on 31 March)
US\$617,000	2009
US\$600,000	2010

Other than licensing the Trademarks and receiving license fees under the License Agreements as aforesaid, the Group does not itself engage in retail or wholesale apparel and accessories business under the Trademarks in the Territory.

Trademark Purchase Price

The Trademark Purchase Price shall be US\$10,400,000, which shall be paid by ABH as follows:

- (1) US\$1,000,000 in cash on signing of the Sale Agreement; and
- (2) subject to the Option as set out below, US\$9,400,000 in cash (“Second Payment”) on or before the later of (a) 31 July 2008 or (b) 90 days from the date of the Sale Agreement (i.e. 21 August 2008) (“First Closing Payment Date”).

Notwithstanding paragraph (2) above, ABH shall have the option, exercisable by ABH by serving written notice to ILC, no later than 15 July 2008, (“Option”) to postpone the date for payment of the Second Payment for up to, but not to exceed, 120 days beyond the First Closing Payment Date (“Extended Closing Payment Date”); provided that ABH shall pay, in lieu of the amount set forth in paragraph (2) above, the equivalent of Second Payment, together with interest, as follows:

- (i) US\$1,000,000 in cash on the First Closing Payment Date;
- (ii) US\$8,400,000 in cash on or before the Extended Closing Payment Date; and
- (iii) Interest on the amount of US\$8,400,000 as set out in (ii) above at the rate of 6% per annum.

In consideration of EPN arranging for and negotiating as agent for ILC with ABH the Sale Agreement, ILC will pay a commission equivalent to 15% of the total Trademark Purchase Price to EPN (“Commission”) and has directed ABH in the Sale Agreement to pay out of the total Trademark Purchase Price the Commission direct to EPN, on a pro rata basis in respect of each payment (i.e. in respect of each payment made by ABH, 85% of such payment shall be paid to ILC direct and the remaining 15% to EPN direct). Based on the Trademark Purchase

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Price of US\$10,400,000, the amount of the Commission payable to EPN shall be US\$1,560,000. The Commission was negotiated between ILC and EPN at arm's length on normal commercial terms with reference that the net amount payable to ILC after Commission ("Net Payment") should not be less than the price earnings multiple of 14 times, based on the minimum licence fees payable to the Group under the License Agreements to be about US\$600,000 for each of the 2 financial years ending 31 March 2010. Based on the Trademark Purchase Price of US\$10,400,000 and the Commission of US\$1,560,000, the Net Amount of US\$8,840,000 payable to ILC represents a price earnings multiple of approximately 14.7 times. According to the information provided by EPN, EPN is principally engaged in trademark maintenance and licensing operation business. EPN is the Group's agent responsible for the maintenance and licensing of various trademarks of the Group, including, without limitation, seeking, introducing and negotiating with potential licensees and/or purchasers in respect of trademarks of the Group. To the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, EPN and its ultimate beneficial owner(s) are, Independent Third Parties.

The Trademark Purchase Price was negotiated between the parties at arm's length on normal commercial terms, by reference to income and revenue generated by the Trademarks in respect of license fees for the 2 financial years ended 31 March 2007 and pursuant to the Contract Rights and the Commission payable to EPN. For the years ended 31 March 2006 and 31 March 2007, the revenues generated from the Trademarks were approximately US\$664,000 and US\$328,000 respectively, and the carrying value of the Trademarks was approximately US\$2,679,000 as at 31 March 2008. The decrease in revenue for the year of 31 March 2007 was due to the expiration of 3 license agreements in 2006. For each of the financial years ending 31 March 2009 and 2010, the minimum license fees payable to the Group under the License Agreements are US\$617,000 and US\$600,000 respectively.

The total Trademark Purchase Price represents a premium of approximately US\$7,721,000, representing approximately 288% (on the base of a total purchase price of US\$10,400,000) of the carrying value of the Trademarks of approximately US\$2,679,000 as at 31 March 2008. The audited net profits (for both before and after taxation and extraordinary items) attributable to the Trademarks amounts to approximately US\$664,000 and US\$328,000 for the financial years ended 31 March 2006 and 2007 respectively.

Subject to audit, the disposal of the Trademarks is expected to realize a gain of approximately US\$6,161,000 (on the base of a total Trademark Purchase Price of US\$10,400,000 and after taking into account of the commission of US\$1,560,000 payable to EPN) to the Company by reference to the abovementioned carrying value of the Trademarks.

Trademark Sale Closing conditions

Closing of the Sale Agreement is subject to the fulfillment of, among others, the following conditions:

- (1) all necessary waivers, consents, permits and approval (including those of the Stock Exchange) as may be required in respect of the Sale Agreement and the transactions contemplated thereunder in relation to ILC and the Company having been obtained;

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- (2) the total Trademark Purchase Price (including interest, where applicable) shall have been paid by ABH; and
- (3) ABH shall have fulfilled all of its obligations under the Sale Agreement.

Trademark Sale Closing is expected to occur on or before the First Closing Payment Date, if ABH does not exercise the Option and on or before the Extended Closing Payment Date, if ABH exercises the Option. As at the Latest Practicable Date, the condition set out in paragraph (1) above has been fulfilled.

Termination

The Sale Agreement may be terminated prior to Trademark Sale Closing by ILC if the Trademark Sale Closing shall not have been consummated on or before the later of the First Closing Payment Date or, subject to ABH's exercise of the Option, the Extended Closing Payment Date.

The Sale Agreement may also be terminated by ILC if ABH fails to make any payment in accordance with the terms of the Sale Agreement. Provided that in the event ABH fails to make any such payment(s), ILC shall first provide notice to ABH of such payment default and ABH shall have 15 days (the "Cure Period") from the date the notice in which to cure such default.

Information about ABH

ABH is a limited liability company incorporated under the laws of the State of Delaware of the United States of America. According to the information provided by ABH, ABH is principally engaged in manufacturing, designing, wholesale distributing, marketing and licensing of major consumer branded products primarily in apparel and accessories within the North American and European markets.

ABH and its ultimate beneficial owner(s) are, to the best of the information, knowledge and belief of the Directors having made all reasonable enquiry, Independent Third Parties.

Reasons and financial effects of the Trademark Sale

Apart from licensing of the Trademarks in the Territory, the Group presently also conducts licensing business under brand names other than the Trademarks in the Territory. The Group intends to continue such business under other brand names than the Trademarks in the Territory upon Trademark Sale Closing.

The Directors are of the view that it would be beneficial for the Group to sell its Trademarks as a whole to ABH which will focus on promoting and enhancing the value of the "Hang Ten" trademark in the Territory.

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The Directors also believe that the consummation of the Sale Agreement will bring benefits to the Group by way of reasonable returns. The proceeds to be obtained from the Sale Agreement (after deduction of commission payable to EPN) amount to approximately US\$8,840,000 (approximately HK\$68,952,000) will be used to develop and expand its international retail network and as general working capital and will further strengthen the financial position of the Group.

The Directors (including the independent non-executive Directors) consider that the Sale Agreement was negotiated on an arm's length basis and were agreed on normal commercial terms between the parties and that the terms of the Sale Agreement are fair and reasonable so far as its shareholders are concerned and are in the best interest of the Company and its shareholders as a whole.

Subject to audit, upon Trademark Sale Closing, the intangible asset of the Group is expected to decrease by approximately US\$2,679,000, being the carrying value of the Trademarks as at 31 March 2008, and the amount of cash balance held by the Group is expected to increase by approximately US\$8,840,000, being the amount of the Trademark Purchase Price less the Commission payable to EPN. The disposal of the Trademarks is, subject to audit, expected to realize a gain of approximately US\$6,161,000 (on the base of a total Trademark Purchase Price of US\$10,400,000 and after taking into account of the commission of US\$1,560,000 payable to EPN) to the Company by reference to the abovementioned carrying value of the Trademarks and the earnings of the Group are expected to decrease by at least approximately US\$617,000 and approximately US\$600,000 for the financial years ending 31 March 2009 and 2010 respectively, being the license fees payable under the Contract Rights (assuming the Trademark Sale Closing takes place on 31 July 2008). The Company expects the Trademark Sale will not have any effect on the liabilities of the Group.

GENERAL

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.

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:

Name	Capacity	Number of Shares	Approximate Shareholding Percentage
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:

Name of Owner	Name of Subsidiary	Number of Shares	% of Equity Interests
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 agreement 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; and
- (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.