
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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FONG'S INDUSTRIES COMPANY LIMITED

立信工業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00641)

**PROPOSALS RELATING TO GENERAL MANDATES TO
REPURCHASE SHARES, REPURCHASE CONVERTIBLE BONDS
AND TO ISSUE NEW SHARES, RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Fong's Industries Company Limited (the "Company") to be held on Wednesday, 28 May, 2008 at 8th Floor, 22-28 Cheung Tat Road, Tsing Yi, Hong Kong at 11:00 a.m. is set out on pages 13 to 17 of this circular.

If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 8th Floor, 22-28 Cheung Tat Road, Tsing Yi, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of such meeting or any adjournment thereof.

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

29 April, 2008

* For identification purpose only

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held on Wednesday, 28 May, 2008 at 11:00 a.m., notice of which is set out on pages 13 to 17 of this circular (or any adjournment thereof)
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“CB Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Convertible Bonds on the terms set out in the notice of Annual General Meeting
“Company”	Fong’s Industries Company Limited
“Convertible Bonds”	the zero coupon convertible bonds due 2011 issued by the Company, details of which are set out in the Company’s announcement dated 19 April 2006
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 April, 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this circular shall exclude Hong Kong, Macau and Taiwan

DEFINITIONS

“Repurchase Proposal”	the Repurchase Resolution to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares upto a maximum of 10% of the issued share capital of the Company at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in the resolution No. 7 of the notice of the Annual General Meeting
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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 BOARD



FONG'S INDUSTRIES COMPANY LIMITED

立信工業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00641)

Executive Directors:

Mr. Fong Sou Lam (*Chairman*)
Mr. Wan Wai Yung (*Managing Director*)
Mr. Fong Kwok Leung, Kevin
Mr. Fong Kwok Chung, Bill
Mr. Tou Kit Vai
Mr. Tsui Wai Keung
Dr. Tsui Tak Ming, William
Ms. Poon Hang Sim, Blanche

Independent non-executive Directors:

Mr. Cheung Chiu Fan
Dr. Yuen Ming Fai
Dr. Keung Wing Ching

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place of
business in Hong Kong:*

8th Floor,
22-28 Cheung Tat Road
Tsing Yi
Hong Kong

29 April, 2008

To the Shareholders

Dear Sir or Madam,

1. GENERAL MANDATES TO REPURCHASE SHARES AND CONVERTIBLE BONDS

At the annual general meeting of the Company held on 25 May, 2007, general mandates were given by the Company to the Directors to exercise all the powers of the Company to issue and repurchase Shares. Such mandates will lapse at the conclusion of the Annual General Meeting. The Directors propose to seek your approval of a general mandate to repurchase Shares not exceeding 10% of the issued share capital of the Company at the Annual General Meeting.

At a special general meeting of the Company convened to be held on 2 May, 2008, an ordinary resolution will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to purchase the Convertible Bonds up to a maximum of 10% of the outstanding Convertible

* For identification purpose only

LETTER FROM THE BOARD

Bonds as at the date of the passing of such resolution, details of which are disclosed in the Company's circular issued to the Shareholders dated 15 April, 2008. Subject to the approval of the Shareholders at the special general meeting, the general mandate to be given to the Directors to repurchase up to a maximum of 10% of the outstanding Convertible Bonds would normally continue in force until the conclusion of the forthcoming Annual General Meeting.

The Company also proposes that an ordinary resolution be passed at the Annual General Meeting to authorise the Directors to exercise the powers of the Company to repurchase not exceeding 10% of the outstanding principal amount of the Convertible Bonds as at the date of passing such resolution at such price as the Directors from time to time determine during the period from the date of the Annual General Meeting up to the next following annual general meeting of the Company. As at the Latest Practicable Date, there was an aggregate principal amount of HK\$800,000,000 of the Convertible Bonds outstanding. The proposed mandate to authorise the Directors to exercise the powers of the Company to repurchase the Convertible Bonds will allow the Company to reduce the potentially dilutive effects on shareholding upon conversion and (depending on the price at which the Convertible Bonds are acquired) may allow the Company to profit from repurchases. Accordingly, the Directors consider that the proposed mandate to authorise the Directors to exercise the powers of the Company to repurchase the Convertible Bonds is in the best interests of the Company and its Shareholders as a whole.

An explanatory statement as required under the Listing Rules to provide the requisite information of the Repurchase Proposal and CB Repurchase Mandate is set out in the appendix hereto.

2. GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company at the date of passing the Repurchase Resolution.

3. RE-ELECTION OF DIRECTORS

Pursuant to the Bye-Law 99(A), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation provided that the Chairman and Managing Director shall not, whilst holding their office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire each year.

However, in the spirit of good corporate governance practices, Mr. Fong Sou Lam who is the Chairman of the Board and Mr. Wan Wai Yung who is the Managing Director, will voluntarily retire from their office by rotation at the relevant annual general meetings of the Company notwithstanding that they are not required by the Bye-Laws to do so.

LETTER FROM THE BOARD

Mr. Fong Kwok Chung, Bill, Ms. Poon Hang Sim, Blanche, Mr. Cheung Chiu Fan and Dr. Yuen Ming Fai will be retiring from office at the Annual General Meeting and they, being eligible, offer themselves for re-election at the Annual General Meeting.

Brief biographical details of the retiring Directors proposed to be re-elected at the Annual General Meeting are set out as follows:–

- (i) Mr. Fong Kwok Chung, Bill (“Mr. Bill Fong”), aged 38, is the second son of Mr. Fong Sou Lam, Chairman of the Company and joined the Group in 1994. Mr. Bill Fong is responsible for overseeing business development projects of the Group. In addition, since October 2005, Mr. Bill Fong has been responsible for the European operations of the overseas subsidiaries of the Group. Mr. Bill Fong studied at the Simon Fraser University, Canada with concentration on Accounting and Finance. As at the Latest Practicable Date, Mr. Bill Fong was interested in 312,317,601 Shares, representing 56.4% interest in the issued share capital of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Bill Fong was not related to any directors, senior management, substantial shareholders or controlling shareholders of the Company and did not hold any directorship in other listed companies in the last three years. There is no service contract between the Company and Mr. Bill Fong. Mr. Bill Fong has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the provisions of the Bye-Laws. Mr. Bill Fong received emoluments of HK\$2,649,000 for the year ended 31 December, 2007 which was determined by the Board with reference to his duties and responsibility with the Company, the prevailing market practice and his contribution to the Group.

- (ii) Ms. Poon Hang Sim, Blanche (“Blanche Poon”), aged 41, is the Finance Director and Qualified Accountant of the Company responsible for overseeing the overall corporate financial management of the Group. Ms. Blanche Poon holds a Bachelor’s degree in Commerce from the University of New South Wales, Australia and is an associate member of the Hong Kong Institute of Certified Public Accountants and a CPA, Australia. Before joining the Group in 1995, Ms. Blanche Poon had been working for an international accounting firm for five years. As at the Latest Practicable Date, Ms. Blanche Poon had a personal interest of 120,000 Shares within the meaning of Part XV of the SFO and was not related to any directors, senior management, substantial shareholders or controlling shareholders of the Company, and she did not hold any directorship in other listed companies in the last three years. There is no service contract between the Company and Ms. Blanche Poon. Ms. Blanche Poon has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meetings pursuant to the provisions of the Bye-Laws. Ms. Blanche Poon received emoluments of HK\$1,445,000 for the year ended 31 December, 2007 which was determined by the Board with reference to her duties and responsibility with the Company, the prevailing market practice and her contribution to the Group.

LETTER FROM THE BOARD

- (iii) Mr. Cheung Chiu Fan (“Mr. Cheung”), aged 54, has been appointed as an Independent Non-executive Director of the Company since August 1996. Mr. Cheung is also the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Cheung is a professional accountant with extensive experience in public accounting and professional management. Mr. Cheung holds a master’s degree in Business Administration from the Chinese University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries. As at the Latest Practicable Date, Mr. Cheung was not interested in any Shares of the Company within the meaning of Part XV of the SFO and was not related to any directors, senior management, substantial shareholders or controlling shareholders of the Company and did not hold any directorship in other listed companies in the last three years. Pursuant to an appointment letter given by the Company to Mr. Cheung, Mr. Cheung’s term of services with the Company is fixed at two years with effect from 1 January, 2007 unless early termination by either party serving not less than one month’s prior written notice and subject to rotational retirement and re-election requirements at annual general meetings pursuant to the Bye-Laws. Mr. Cheung will be entitled to a remuneration of HK\$75,000 per annum which was determined by the Board with reference to the estimated time to be spent by him on the Company’s matters and is in line with other Independent Non-executive Directors of the Company.
- (iv) Dr. Yuen Ming Fai (“Dr. Yuen”), aged 57, has been appointed as an Independent Non-executive Director of the Company since 1 September 2004. Dr. Yuen is also a member of the Audit Committee and Remuneration Committee of the Company. Dr. Yuen is currently a Professor of Mechanical Engineering and the Head of Department of Mechanical Engineering at the Hong Kong University of Science and Technology. Dr. Yuen holds a doctorate degree in Mechanical Engineering from the University of Bristol, the United Kingdom and is a fellow member of both the Institution of Mechanical Engineering (UK) and Hong Kong Institution of Engineers. As at the Latest Practicable Date, Dr. Yuen was not interested in any Shares of the Company within the meaning of Part XV of the SFO and was not related to any directors, senior management, substantial shareholders or controlling shareholders of the Company and did not hold any directorship in other listed companies in the last three years. Pursuant to an appointment letter given by the Company to Dr. Yuen, Dr. Yuen’s term of services with the Company is fixed at two years with effect from 1 September, 2006 unless early termination by either party serving not less than one month’s prior written notice and subject to rotational retirement and re-election requirements at annual general meetings pursuant to the Bye-Laws. Dr. Yuen will be entitled to a remuneration of HK\$75,000 per annum which was determined by the Board with reference to the estimated time to be spent by him on the Company’s matters and is in line with other Independent Non-executive Directors of the Company.

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

4. ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 13 to 17 of this circular at which, among other things,

- an ordinary resolution will be proposed to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution;
- an ordinary resolution will be proposed to grant to the Directors a general mandate to exercise all the powers of the Company to purchase on the Stock Exchange Shares representing up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
- an ordinary resolution will be proposed to extend the general mandate to issue Shares which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares purchased under the Repurchase Proposal after the granting of the general mandate to repurchase Shares; and
- an ordinary resolution will be proposed to grant to the Directors to exercise the powers of the Company to repurchase not exceeding 10% of the outstanding principal amount of the Convertible Bonds as at the date of passing such resolution.

5. PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL

Pursuant to the Bye-Law 70, a resolution put to the vote of a general meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. A poll may be demanded:

- (a) by the chairman of such meeting; or
- (b) 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
- (c) 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 the Shareholders having the right to vote at the meeting; or
- (d) 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 BOARD

6. RECOMMENDATION

The Directors believe that the Repurchase Proposal, the general mandate to Directors to repurchase Convertible Bonds and the general mandate to Directors to issue new Shares are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders shall vote in favour of the resolutions set out in the notice of the Annual General Meeting as they intend to do so themselves in respect of their own holdings.

7. ADDITIONAL INFORMATION

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

Yours faithfully,
Fong Sou Lam
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company and Convertible Bonds not exceeding 10% of the outstanding principal amount of the Convertible Bonds as at the date of passing the relevant resolutions. For this purpose, “shares” is defined in the Listing Rules to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 554,058,285 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 55,405,828 Shares.

2. CONVERTIBLE BONDS

As at the Latest Practicable Date, there was an aggregate principal amount of HK\$800,000,000 of the Convertible Bonds outstanding.

Subject to the passing of the Ordinary Resolution No. 9 at the Annual General Meeting and on the basis that none of the outstanding Convertible Bonds are exercised or redeemed, the Company would be allowed under the CB Repurchase Mandate to repurchase a maximum principal amount of HK\$80,000,000 of the Convertible Bonds.

3. REASONS FOR REPURCHASE

Trading conditions on the Stock Exchange have become volatile in recent years and, whilst it is not possible to anticipate in advance those circumstances in which the Directors might think it appropriate to repurchase the Shares, the Directors believe that it is in the best interests of the Company and its Shareholders as a whole to have the general mandate to repurchase Shares from the Shareholders to enable the Company to repurchase its own Shares on the market. Shares would only be repurchased in circumstances where the Directors consider that the repurchase would be in the best interests of the Company and its Shareholders as a whole and lead to an enhancement of earnings per Share of the Company.

The Convertible Bonds would only be repurchased in circumstances where the Directors consider that the repurchase would be in the best interests of the Company and its Shareholders as a whole.

4. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose. The Company may not purchase its own Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Repurchases must be made in accordance with the Bye-Laws of the Company and applicable laws of

Bermuda. Under Bermuda law, the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the purchased shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be repurchased must be provided for out of funds of the Company otherwise available for dividend or distribution or out of the Company's share premium account before the shares are purchased.

In respect of repurchasing the Convertible Bonds, the Company may also only apply funds legally available for such purpose in accordance with its Bye-laws, the terms and conditions of the Convertible Bonds and applicable laws of Bermuda.

There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the Company's latest published financial statements as at 31 December, 2007) in the event that the Repurchase Proposal and/or CB Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal and/or CB 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.

5. SHARE AND CONVERTIBLE BOND PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date, were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2007		
April	6.55	5.85
May	6.30	5.70
June	6.00	5.55
July	5.89	5.55
August	5.85	5.30
September	5.79	5.18
October	5.27	4.90
November	5.08	4.90
December	4.81	4.65
2008		
January	4.75	3.00
February	4.63	4.50
March	4.63	4.42

There has been no trading of the Convertible Bonds on the Stock Exchange during the previous twelve months.

6. PREVIOUS REPURCHASE BY THE COMPANY

The Company repurchased a total of 1,362,000 Shares through the Stock Exchange during the six months preceding the Latest Practicable Date as follows:

Date of repurchase	No. of Shares	Highest price paid HK\$	Lowest price paid HK\$	Aggregate Consideration paid HK\$
16 April, 2008	518,000	4.31	4.30	2,232,400
17 April, 2008	112,000	4.30	4.30	481,600
18 April, 2008	120,000	4.30	4.30	516,000
21 April, 2008	612,000	4.30	4.30	2,631,600
	<u>1,362,000</u>			<u>5,861,600</u>

During the previous six months preceding the Latest Practicable Date, the Company has not repurchased any Convertible Bonds (whether on the Stock Exchange or otherwise).

7. REPURCHASE OF THE CONVERTIBLE BONDS

The Company proposes that an ordinary resolution be passed at the Annual General Meeting to authorise the Directors to exercise the powers of the Company to repurchase not exceeding 10% of the outstanding principal amount of the Convertible Bonds as at the date of passing such resolution at such price as the Directors from time to time determine during the period from the date of the Annual General Meeting up to the next following annual general meeting of the Company. As at the Latest Practicable Date, there was an aggregate principal amount of HK\$800,000,000 of the Convertible Bonds outstanding. The proposed mandate to authorise the Directors to exercise the powers of the Company to repurchase the Convertible Bonds will allow the Company to reduce the potentially dilutive effects on shareholding upon conversion and (depending on the price at which the Convertible Bonds are acquired) may allow the Company to profit from repurchases. Accordingly, the Directors consider that the proposed mandate to authorise the Directors to exercise the powers of the Company to repurchase the Convertible Bonds is in the best interests of the Company and its Shareholders as a whole. The Convertible Bonds would only be repurchased in circumstances where the Directors consider that the repurchase would be in the best interests of the Company and its Shareholders as a whole.

8. UNDERTAKINGS OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and the CB Repurchase Mandate and in accordance with the Listing Rules and all applicable laws of Bermuda.

9. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders of the Company.

No connected persons (as defined in the Listing Rules) of the Company 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, in the event that the Repurchase Proposal is approved by the Shareholders.

As far as the Company is aware, no connected person (as defined in the Listing Rules) and none of the Directors and their respective associates holds any Convertible Bonds. Accordingly, none of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates, have any present intention, if the CB Repurchase Mandate is approved by the shareholders, to sell any Convertible Bonds (if any) to the Company.

Similarly, no connected person (as defined in the Listing Rules) has notified the Company that they have a present intention to sell any Convertible Bonds (if any) to the Company if the CB Repurchase Mandate is approved by the Shareholders and neither have any of the connected persons undertaken not to sell any Convertible Bonds (if any) to the Company in the event the CB Repurchase Mandate is approved by the Shareholders. The Company will not knowingly purchase any Shares or Convertible Bonds from any connected person using the Repurchase Proposal and CB Repurchase Mandate on the Stock Exchange.

As far as the Company is aware, the controlling shareholder of the Company does not have any present intention to purchase any Convertible Bonds. In the event that the controlling shareholder of the Company become holders of any Convertible Bonds in the future, it is expected that the controlling shareholder may sell such convertible Bonds held by them to the Company and should such transaction materialise, the Company will comply with the relevant requirements under the Listing Rules at that time.

10. EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, 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 the Takeovers Code. As a result, a Shareholder or 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, Mr. Fong Sou Lam, Mr. Fong Kwok Leung, Kevin and Mr. Fong Kwok Chung, Bill together with their associates (as defined in the Listing Rules) were interested in aggregate of 352,803,601 Shares, representing approximately 63.7% of the Shares issued by the Company. In the event the Directors exercised in full the power to purchase Shares pursuant to the Repurchase Proposal, the shareholdings of the aforesaid persons, together with their associates in the Company would be increased to approximately 70.8% of the issued share capital of the Company. The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchase made under the Repurchase Proposal. The Company will not repurchase Shares if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the issued share capital of the Company.

As the repurchase of Convertible Bonds do not affect the issued share capital of the Company prior to their conversion, the Directors are not aware of any direct consequences of any repurchases of the Convertible Bonds which will arise under the Takeovers Code.

NOTICE OF ANNUAL GENERAL MEETING



FONG'S INDUSTRIES COMPANY LIMITED

立信工業有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00641)

NOTICE IS HEREBY GIVEN that the annual general meeting of Fong's Industries Company Limited (the "Company") will be held at 8th Floor, 22-28 Cheung Tat Road, Tsing Yi, Hong Kong on Wednesday, 28 May, 2008 at 11:00 a.m. for the following purposes:

1. To receive and adopt the Audited Consolidated Financial Statements and the Reports of the Directors and of the Independent Auditor for the year ended 31 December 2007.
2. To approve the final dividend and final special dividend for the year ended 31 December 2007.
3. To re-elect Directors and authorise the Board of Directors to fix the Directors' remuneration.
4. To re-appoint Deloitte Touche Tohmatsu as the Auditors and authorize the Board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

5. **"THAT**
 - (a) the ordinary resolution passed in the Company's 2007 annual general meeting relating to fixing the maximum number of Directors of the Company at 18 be and is hereby renewed; and
 - (b) the Directors of the Company be authorized to fill any vacancies on the Board of Directors and to appoint additional Directors up to such maximum or such other maximum as may be determined from time to time by shareholders of the Company in addition to those in office at the close of this meeting."

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

6. **“THAT**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company; or (iii) the exercise of options granted under any share option scheme or any similar arrangement for the time being adopted for the grant or issue to eligible persons prescribed thereunder of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed twenty (20) per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors to holders of shares whose names appear in the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company or, where appropriate, such other securities (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

7. **“THAT**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase the shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to purchase pursuant to the approval in paragraph (a) above shall not exceed ten (10) per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

8. “**THAT** subject to the passing of resolutions numbered 6 and 7 set out in the notice of this meeting, the aggregate nominal amount of shares which are to be purchased by the Company pursuant to the authority granted to the Directors as mentioned in resolution numbered 7 set out in the notice of this meeting shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the Directors pursuant to resolution numbered 6 set out in the notice of this meeting.”
9. “**THAT:**
- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase the zero coupon convertible bonds due 2011 issued in an aggregate principal amount of HK\$800 million by the Company on 10 May, 2006 and listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the aggregate principal amount of the convertible bonds of the Company which the Company is authorised to purchase pursuant to the approval in paragraph (a) above shall not exceed ten (10) per cent. of the aggregate outstanding principal amount of the convertible bonds of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purposes of this resolution: “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:-
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

By Order of the Board
C. K. Lee
Company Secretary

Hong Kong, 29 April, 2008

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of such member. Vote may be given either personally or by proxy. A proxy need not be a member of the Company.
- (2) A form of proxy in respect of the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon.
- (3) In order to be valid, a form of proxy together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited with the Company's principal place of business in Hong Kong at 8th Floor, 22-28 Cheung Tat Road, Tsing Yi, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (4) Where there are joint holders of a share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.
- (5) The retiring Directors standing for re-election under item 3 are Mr. Fong Kwok Chung, Bill, Ms. Poon Hang Sim, Blanche, Mr. Cheung Chiu Fan and Dr. Yuen Ming Fai.