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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: 641)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND IN THE PRC

The Board is pleased to announce that Fong's China Investment (B.V.I.) Company Limited, an indirect wholly-owned subsidiary of the Company, entered into the Land-use Rights Transfer Contract on 16 May, 2007 to acquire the Land-use Rights of the Land at an aggregate consideration of approximately RMB320,000,000.

The Acquisition constituted a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing, among others, further information in respect of the Acquisition as required under the Listing Rules will be dispatched to the shareholders of the Company as soon as practicable and within 21 days from the day of publication of this announcement.

LAND-USE RIGHTS TRANSFER CONTRACT

Date: 16 May, 2007

Vendor: 中山火炬開發區臨海工業園開發有限公司 (Zhongshan Torch Hi-tech Zone Linhai Industrial Park Development Company Limited)

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendor and its beneficial owners are Independent Third Parties

Purchaser: Fong's China Investment (B.V.I.) Company Limited

The Land: a parcel of land with an aggregate area of approximately 1,250 mu (approximately 833,337.5 square metres) located at Zhongshan Torch Hi-tech Industrial Development Zone Linhai Industrial Park in Zhongshan, Kwangtung Provincial, PRC

Payment Terms:

The aggregate consideration for the Acquisition is approximately RMB320,000,000 and is payable by the Purchaser in the following manners:

- (a) RMB16,000,000, representing 5% of the Consideration, as initial deposit ("Deposit") shall be payable within 15 days upon signing of the Land-use Rights Transfer Contract; and

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| “Board” | the board of Directors; |
| “Company” | Fong’s Industries Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited; |
| “Consideration” | total consideration of approximately RMB320,000,000 payable by the Purchaser for the Acquisition in accordance with the terms of the Land-use Rights Transfer Contract; |
| “Directors” | the directors of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Independent Third Parties” | independent third parties not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates; |
| “Land-use Rights” | the land use rights in respect of the Land for a term of 50 years; |
| “Land-use Rights Transfer Contract” | the 土地使用權轉讓合同 (Land-use Rights Transfer Contract) dated 16 May, 2007 entered into between the Vendor and the Purchaser in relation to the Acquisition; |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| “PRC” | the People’s Republic of China; |
| “Purchaser” | Fong’s China Investment (B.V.I.) Company Limited, a company incorporated in the British Virgin Islands and indirectly wholly owned by the Company; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “State” | The Central Government of the PRC and all provincial, municipal and other regional or local government entities; |
| “Vendor” | 中山火炬開發區臨海工業園開發有限公司 (Zhongshan Torch Hi-tech Zone Linhai Industrial Park Development Company Limited), a PRC company wholly owned by 中山火炬高技術產業開發區管理委員會 (Zhongshan Torch Hi-tech Industrial Development Zone Management Committee); and |
| “Zero Coupon Convertible Bonds” | the zero coupon convertible bonds due 2011 in an aggregate principal amount of HK\$800,000,000 issued by the Company pursuant to a subscription agreement dated 19 April 2006 as announced by the Company on 19 April 2006. |

Unless otherwise specified, the RMB amount shown in this announcement have been translated into HK\$ at an exchange rate of HK\$110=RMB100 for indication purposes only.

On behalf of the Board
Fong Sou Lam
Chairman

Hong Kong, 16 May 2007.

As at the date of this announcement, the Executive Directors are Mr. Fong Sou Lam, Mr. Wan Wai Yung, Mr. Fong Kwok Leung, Kevin, Mr. Fong Kwok Chung, Bill, Mr. Tsui Wai Keung, Dr. Tsui Tak Ming, William, Ms. Poon Hang Sim, Blanche and Mr. Tou Kit Vai; the Independent Non-Executive Directors are Mr. Cheung Chiu Fan, Dr. Yuen Ming Fai and Dr. Keung Wing Ching.

** For identification only*

Please also refer to the published version of this announcement in The Standard.