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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)**

### **HIGH CONCENTRATION OF SHAREHOLDING**

This announcement is made at the request of the Stock Exchange in respect of the concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 4 January, 2010.

**In view of the high concentration of Company's shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in respect of the concentration of the shareholding of Fong's Industries Company Limited (the "Company") in the hands of a limited number of shareholders of the Company (the "Shareholders") as at 4 January, 2010.

The Company noted that an announcement (the "SFC Announcement") has been published by the Securities and Futures Commission (the "SFC") on 12 January, 2010 which stated that, among other things, the SFC had recently completed an enquiry into the shareholding of the Company. The findings of the SFC suggested that, as at 4 January, 2010, 8 Shareholders held an aggregate of 79,196,478 shares of the Company (the "Shares"), representing 14.36% of the issued Shares. Such shareholding, together with 435,177,101 Shares held by three substantial Shareholders (namely Mr. Fong Sou Lam, Chairman of the Company, Mondrian Investment Partners Limited and Mr. Li Tin Sang, Adam) and five executive directors of the Company (representing 78.92% of the issued Shares), represented 93.28% of the issued Shares as at 4 January, 2010. Thus, only 6.72% of the issued Shares were held by other investors.

As set out in the SFC Announcement, the shareholding structure of the Company (with certain incorrect information have been rectified) as at 4 January, 2010 is as follows:

	<b>Number of Shares held</b> (Shares)	<b>% of total number of issued Shares</b> ( % )
<b>Substantial Shareholders</b>		
Mr. Fong Sou Lam (Note 1)	329,847,360	59.82
Mondrian Investment Partners Limited	47,384,000	8.59
Mr. Li Tin Sang, Adam	<u>27,746,000</u>	<u>5.03</u>
<b>Subtotal</b>	<b>404,977,360</b>	<b>73.44</b>
<b>Directors of the Company</b>		
Boston Investments Limited (Note 2)	17,478,241	3.17
Mr. Fong Kwok Chung, Bill (Note 3)	7,432,000	1.35
Mr. Wan Wai Yung	3,225,500	0.59
Mr. Fong Kwok Leung, Kevin (Note 4)	1,650,000	0.30
Mr. Tou Kit Vai	294,000	0.05
Ms. Poon Hang Sim, Blanche	<u>120,000</u>	<u>0.02</u>
<b>Subtotal</b>	<b>30,199,741</b>	<b>5.48</b>
<b>Other Shareholders</b>		
A group of 8 Shareholders	79,196,478	14.36
Other Shareholders	<u>37,072,706</u>	<u>6.72</u>
<b>Total</b>	<b>551,446,285</b>	<b>100.00</b>
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Note 1: Mr. Fong Sou Lam is the Chairman and an executive director of the Company. The 329,847,360 Shares consist of (i) 287,397,360 Shares held by GBOGH Assets Limited (“GBOBH”) and (ii) 42,450,000 Shares held by Mr. Fong Sou Lam directly. GBOGH is a company incorporated in the British Virgin Islands and whose entire issued share capital is solely owned by Mr. Fong Sou Lam.

Note 2: Boston Investments Limited is indirectly wholly-owned by a discretionary trust, whose beneficiaries include Mr. Fong Kwok Leung, Kevin, Mr. Fong Kwok Chung, Bill and other Fong’s family members.

Note 3: Mr. Fong Kwok Chung, Bill is an executive director of the Company. The 7,432,000 Shares consist of (i) 4,444,000 Shares held by Precision Private Capital Company Limited (“Precision Private”) and (ii) 2,988,000 Shares held by Mr. Fong Kwok Chung, Bill directly. Precision Private is a company incorporated in the British Virgin Islands and whose entire share capital is solely owned by Mr. Fong Kwok Chung, Bill.

Note 4: Mr. Fong Kwok Leung, Kevin is an executive director of the Company. The 1,650,000 Shares consist of (i) 100,000 Shares held by his wife, Ms. Chang Wan Yee and (ii) 1,550,000 Shares held by Mr. Fong Kwok Leung, Kevin directly.

It is noted that the closing share price of the Company surged 93.84% from HK\$2.11 on 19 November, 2009 to HK\$4.09 on 4 December, 2009 with increased trading volume. During this period no announcement was published by the Company. As at 11 January, 2010, share price of the Company closed at HK\$3.81, representing an increase of 80.57% from its closing price of HK\$2.11 on 19 November, 2009.

The Board wishes to clarify that the above information is extracted from the SFC Announcement and the Company is not in a position to comment on its accuracy. Having made all reasonable enquiries with the directors of the Company and to the best knowledge of the Company, Mr. Fong Sou Lam and his associates together with other members of the Board of Directors of the Company are holding approximately 65.30% of the total issued Shares as at 12 January, 2010, the Company confirms that as at 4 January, 2010 and the date of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

**In view of the high concentration of Company’s shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of shares traded, and should exercise extreme caution when dealing in the Shares.**

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

Hong Kong, 12 January, 2010

As at the date of this announcement, the Board comprises seven executive directors, namely Mr. Fong Sou Lam, Mr. Wan Wai Yung, Mr. Fong Kwok Leung, Kevin, Mr. Fong Kwok Chung, Bill, Mr. Tou Kit Vai, Dr. Tsui Tak Ming, William and Ms. Poon Hang Sim, Blanche and three independent non-executive directors, namely Mr. Cheung Chui Fan, Dr. Yuen Ming Fai and Dr. Keung Wing Ching.