
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of HK\$0.10 each in the capital of Tack Fat Group International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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TACK FAT GROUP INTERNATIONAL LIMITED **德發集團國際有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

(1) INCREASE IN AUTHORISED SHARE CAPITAL; (2) CONNECTED TRANSACTION; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**

Nuada Limited

A letter from the board of directors of the Company is set out on pages 5 to 13 of this circular.

A letter from the Independent Board Committee (as defined herein) to the Independent Shareholders (as defined herein) and a letter from Nuada Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of, among other matters, the terms of the subscription of the Second Tranche Subscription Shares (as defined herein) are set out respectively on page 14 and 15 to 19 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong on Thursday, 12 April 2007 at 9:30 a.m. is set out on pages 26 to 27 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and deposit the same at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 14 February 2007 in relation to the Placing and the Subscription
“Articles of Association”	the articles of association of the Company, and “ Article ” shall mean an article of the Articles of Association
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Company”	Tack Fat Group International Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Efulfilment”	Efulfilment Enterprises Limited, a company incorporated in the British Virgin Islands and a controlling Shareholder which is interested in approximately 32.0% of the entire issued share capital of the Company as the date of Latest Practicable Date and after completion of the Placing and subscription of the First Tranche of Subscription Shares
“Efulfilment Concert Group”	Efulfilment and parties acting in concert with it comprising Efulfilment, Sharp Asset Holdings Limited, Mr. Kwok Wing, Mr. Kwok Chiu and their respective associates. Sharp Asset Holdings Limited is wholly and beneficially owned by Mr. Kwok Wing who is the chairman and an executive Director and a younger brother of Mr. Kwok Chiu. Mr. Kwok Wing and Mr. Kwok Chiu owns Efulfilment in equal proportion
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, approve the subscription of the Second Tranche Subscription Shares by Efulfilment pursuant to the Revised Subscription and the proposed increase in authorised share capital of the Company

DEFINITIONS

“First Tranche Subscription Shares”	165,266,000 Subscription Shares conditionally subscribed by Efulfilment on 26 February 2007 pursuant to the Revised Subscription
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the subscription of the Second Tranche Subscription Shares pursuant to the Revised Subscription
“Independent Shareholders”	Shareholders other than the Efulfilment Concert Group
“Latest Practicable Date”	15 March 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares by the Placing Agent on behalf of Efulfilment pursuant to the Placing Agreement which has been completed on 16 February 2007
“Placing Agent”	BNP Paribas Capital (Asia Pacific) Limited
“Placing Agreement”	the conditional placing agreement dated 13 February 2007 and entered into between Efulfilment, the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$1.09 per Placing Share
“Placing Shares”	up to 178,000,000 Shares which were beneficially owned by Efulfilment as at the date of the Placing Agreement have been placed by the Placing Agent on its behalf pursuant to the Placing Agreement
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the Peoples’ Republic of China and Taiwan

DEFINITIONS

“Revised Subscription”	the Subscription pursuant to the Subscription Agreement as amended by the Supplemental Agreement
“Second Tranche Subscription Shares”	the remaining 12,734,000 Subscription Shares conditionally subscribed by Efulfilment on 26 February 2007 pursuant to the Revised Subscription
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for up to 178,000,000 Shares by Efulfilment pursuant to the Subscription Agreement before the entering into of the Supplemental Agreement
“Subscription Agreement”	the conditional subscription agreement dated 13 February 2007 and entered into between the Company and Efulfilment in respect of the Subscription
“Subscription Shares”	an aggregate of 178,000,000 new Shares comprised of the First Tranche Subscription Shares and Second Tranche Subscription Shares
“Supplemental Agreement”	the supplemental agreement dated 26 February 2007 made between Efulfilment and the Company for the purpose of supplementing the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Waiver”	a waiver granted by the Executive Director of the Corporate Finance Division of the SFC or any of his delegates pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Efulfilment Concert Group to make a mandatory general offer under Rule 26 of the Takeovers Code for all securities of the Company other than those already owned or agreed to be acquired by the Efulfilment Concert Group as a result of the allotment and issue of the Subscription Shares

DEFINITIONS

“HK\$” Hong Kong dollars, the lawful currency for the time being of Hong Kong

“%” per cent.



TACK FAT GROUP INTERNATIONAL LIMITED

德發集團國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

Executive Directors:

Mr. Kwok Wing (*Chairman*)

Mr. Lee Yuk Man

Mr. Ho Yik Kin, Norman

Mr. Kwok Kam Chuen

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Leung Yiu Wing, Eric

Mr. Ching Kwok Ho, Samuel

Mr. Heng Kwo Seng

Head office and principal place

of business in Hong Kong:

13th Floor

Roxy Industrial Centre

58-66 Tai Lin Pai Road

Kwai Chung

New Territories

Hong Kong

19 March 2007

To the Shareholders

Dear Sir or Madam

**(1) INCREASE IN AUTHORISED SHARE CAPITAL;
(2) CONNECTED TRANSACTION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

By the Announcement, the Company announced, among other things, the Placing of up to 178,000,000 Placing Shares and the Subscription of 178,000,000 new Shares equivalent to the maximum number of Placing Shares. The Placing was completed on 16 February 2007 in accordance with the Placing Agreement.

By a further announcement of the Company dated 26 February 2007, the Company announced, among other things, the entering into of the Supplemental Agreement on 26 February 2007 for the Revised Subscription pursuant to which Efulfilment would subscribe for the First Tranche Subscription Shares by 27 February 2007 and the Second Tranche Subscription Shares by 20 April 2007 after the

LETTER FROM THE BOARD

convening of the EGM. The entering into of the Supplemental Agreement was made due to insufficient existing authorised share capital of the Company as a result of issue of new Shares pursuant to conversion of convertible bonds of the Company issued in 2004 subsequent to the issue of the Announcement.

The purpose of this circular is to provide you with (i) further details in respect of the Revised Subscription and the subscription of the Second Tranche Subscription Shares, (ii) the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Revised Subscription and the subscription of the Second Tranche Subscription Shares, (iii) the recommendation of the independent financial adviser, Nuada Limited, to the Independent Board Committee and the Independent Shareholders in relation to the Revised Subscription and the subscription of the Second Tranche Subscription Shares, (iv) the proposed increase in authorised share capital of the Company, and (v) the notice convening the EGM at which ordinary resolutions will be proposed to consider and, if thought fit, approve the subscription of the Second Tranche Subscription Shares and the matters contemplated thereby and the proposed increase in authorised share capital.

THE SUPPLEMENTAL AGREEMENT AND THE REVISED SUBSCRIPTION

Date

26 February 2007

The issuer

The Company

The subscriber

Efulfilment, which, as at the Latest Practicable Date and after completion of the Placing and the subscription of the First Tranche Subscription Shares, was interested in approximately 32.0% of the existing issued share capital of the Company as at the Latest Practicable Date. Efulfilment is a connected person of the Company by virtue of its controlling interest in the Company. Efulfilment is an investment holding company.

Number of Subscription Shares

Pursuant to the Supplemental Agreement, Efulfilment would subscribe for 165,266,000 new Shares, being the First Tranche Subscription Shares, which represent approximately 8.26% of the issued share capital of the Company as at the Latest Practicable Date. The subscription of the First Tranche Subscription Shares was completed on 27 February 2007.

Efulfilment would further subscribe for 12,734,000 new Shares, being the Second Tranche Subscription Shares, which represent approximately 0.64% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.63% of the issued share capital as enlarged by such issue. Completion of the subscription of the Second Tranche Subscription Shares is conditional upon a number of conditions which are set out under the heading “Conditions of Revised Subscription” below.

LETTER FROM THE BOARD

The First Tranche Subscription Shares and the Second Tranche Subscription Shares, in aggregate, are equivalent to the number of Placing Shares placed and when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of their allotment and issue.

Subscription Price

The First Tranche Subscription Shares had been and the Second Tranche Subscription Shares will be subscribed at the previously agreed subscription price of HK\$1.09 per Subscription Share which is equivalent to the Placing Price. The previous agreed subscription price of HK\$1.09 per Subscription Share represents (i) a discount of approximately 14.8% to the closing price of HK\$1.28 per Share as quoted on the Stock Exchange on 12 February 2007, being the last trading day immediately before the date of the Placing Agreement; (ii) a discount of approximately 4.7% to the average of the closing prices of approximately HK\$1.144 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 February 2007; (iii) a premium of approximately 67.7% over the net asset value per Share of approximately HK\$0.65 based on the unaudited consolidated net asset value of the Group as at 30 September 2006 and the number of Shares in issue as at 30 September 2006 (both as shown in the interim report of the Company for the six months ended 30 September 2006); and (iv) a premium of approximately 1.87% over the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Conditions of Revised Subscription

The Revised Subscription is condition upon:

- (a) in respect of the subscription of the First Tranche Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the First Tranche Subscription Shares by 27 February 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the First Tranche Subscription Shares);
 - (ii) the granting of the Waiver and Executive Director of the Corporate Finance Division of the SFC or his delegates confirming the subsistence of the Waiver notwithstanding the amendments to be made to the Subscription Agreement under the Supplemental Agreement by 27 February 2007; and
 - (iii) completion of the Placing in accordance with the terms of the Placing Agreement; and
- (b) in respect of the subscription of the Second Tranche Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Second Tranche Subscription Shares by 20 April 2007 or such later date as may be agreed by the parties hereto in writing (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Second Tranche Subscription Shares); and

LETTER FROM THE BOARD

- (ii) the passing of an ordinary resolution by the Independent shareholders approving the Supplemental Agreement in relation to the subscription of the Second Tranche Subscription Shares and the transaction contemplated thereby by poll at the EGM.

The subscription of the Second Tranche Subscription Shares is further conditional upon the coming into effect of the proposed increase in authorised share capital.

The Supplemental Agreement further provides that in the event the subscription of the First Tranche Subscription Shares is not completed by 27 February 2007, the subscription of First Tranche Subscription Shares and the transactions contemplated thereby will be subject to:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the First Tranche Subscription Shares by 20 April 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the First Tranche Subscription Shares);
- (b) the granting of the Waiver and Executive Director of the Corporate Finance Division of the SFC or his delegates confirming the subsistence of the Waiver notwithstanding the amendments to be made to the Subscription Agreement under the Supplemental Agreement by 20 April 2007;
- (c) completion of the Placing in accordance with the terms of the Placing Agreement; and
- (d) the passing of an ordinary resolution by the Independent Shareholders approving the Supplemental Agreement in relation to the First Tranche Subscription Shares and the transaction contemplated thereby by poll at the EGM.

In the event the conditions for completion of the First Tranche Subscription Shares not having been fulfilled by the time specified therein (or such later date as may be agreed by the parties hereto) all rights, obligations and liabilities of the parties in relation to the subscription of the First Tranche Subscription Shares shall cease and determine and none of the parties shall have any claim against any other in respect of thereof.

In the event the conditions for completion of the Second Tranche Subscription Shares not having been fulfilled by the time specified therein (or such later date as may be agreed by the parties hereto) all rights, obligations and liabilities of the parties in relation to the subscription of the Second Tranche Subscription Shares shall cease and determine and none of the parties shall have any claim against any other in respect of thereof.

On 23 February 2007, the SFC has granted the Waiver. On 27 February 2007, the SFC confirmed the subsistence of the Waiver and the Stock Exchange granted approval for the listing of and permission to deal in the First Tranche Subscription Shares. Completion of the subscription of the First Tranche Subscription Shares, therefore, took place on 27 February 2007.

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Application for the listing of and permission to deal in the Second Tranche Subscription Shares has been made by the Company to the Stock Exchange. Completion of the Second Tranche Subscription Shares is expected to take place on or about 15 April 2007.

Mandate to issue the Subscription Shares

The First Tranche Subscription Shares had been issued under the general mandate to allot, issue and deal in 348,832,800 Shares granted to the Directors at the annual general meeting of the Company held on 5 September 2006 whereas the Second Tranche Subscription Shares will be issued under a specific mandate to be obtained at the EGM.

Other than the amendments set out above and the consequential variations in the Subscription Agreement, all the terms of the Subscription Agreement remain the same. The Company further confirms that there will not be any change in the intended use of net proceeds as set out in the Announcement which is further elaborated under the heading “Reasons for the Revised Subscription” below.

CHANGES OF SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date after completion of the Placing and the subscription of the First Tranche Subscription Shares and immediately after completion of the subscription of the Second Tranche Subscription Shares.

Shareholder	As at the Latest Practicable Date and after completion of the Placing and the subscription of the First Tranche Subscription Shares	Immediately after completion of the subscription of the Second Tranche Subscription Shares
Efulfilment ^(Note 1)	640,066,000 Shares (about 32.00 %)	652,800,000 Shares (about 32.43%)
Sharp Asset Holdings Limited ^(Note 1)	109,624,000 Shares (about 5.48%)	109,624,000 Shares (about 5.45%)
Sub-total of the Efulfilment Concert Group	749,690,000 Shares (about 37.48%)	762,424,000 Shares (about 37.88%)
Sansar Capital Management, LLC ^(Note 2)	263,064,000 (about 13.15%)	263,064,000 (about 13.07%)
Public Shareholders (including the placees)	987,246,000 Shares (about 49.37%)	987,246,000 Shares (about 49.05%)
Total	<u>2,000,000,000 Shares (100%)</u>	<u>2,012,734,000 Shares (100%)</u>

LETTER FROM THE BOARD

Notes:

1. The entire issued share capital of Efulfilment is owned by Mr. Kwok Wing and Mr. Kwok Chiu in equal proportion and the entire issued share capital of Sharp Asset Holdings Limited is owned by Mr. Kwok Wing. Mr. Kwok Chiu is the elder brother of Mr. Kwok Wing.
2. According to the form filed pursuant to Part XV of the SFO Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) by Sansar Capital Management LLC, it is an investment manager with a registered office in the US. To the best of the Directors' knowledge, information and belief, Sansar Capital Management, LLC and its ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons.

REASONS FOR THE REVISED SUBSCRIPTION

The Group is principally engaged in the design and manufacture of jeans, pants, shorts, swimming apparel and sportswear for men, women and children on original design manufacturing and original equipment manufacturing basis.

As stated above, due to insufficient authorised share capital, the Company entered into the Supplemental Agreement. Efulfilment, as the controlling Shareholder, entered into the Placing Agreement and the Subscription Agreement to facilitate the capital raising activity of the Group. The subscription of an aggregate of 178,000,000 Subscription Shares is put in place for Efulfilment to make up the decrease in shareholdings in the Company as a result of the Placing.

As stated in the Announcement, based on the Placing Price of HK\$1.09 per Placing Shares which is equivalent to the subscription price per Subscription Share, the gross proceeds from the Placing and the subscription of 178,000,000 Subscription Shares (the aggregate of the First Tranche Subscription Shares and Second Tranche Subscription Shares) would amount to approximately HK\$194 million and the net proceeds, net of, among other expenditures, all costs and expenses of the Subscription (including the Revised Subscription) and the placing commission would amount to HK\$190,000,000 and the net subscription price is approximately HK\$1.07 per Subscription Share. Of the net proceeds of approximately HK\$190,000,000, approximately HK\$90 million will be used for the expansion of the Group's production capacity in Cambodia and in the PRC, approximately HK\$50 million for expansion of Mudd retail operation in the PRC and as to the remaining of approximately HK\$50 million as general working capital and international brand names acquisition. As at the Latest Practicable Date, no agreements have been entered into nor are there any negotiations undergoing for the acquisition of any international brand names.

For reasons stated above, the Board considers that it is beneficial to the Company and the Shareholders as a whole to raise capital for future business development of the Group by way of the Placing and the Revised Subscription as it will broaden the capital and shareholder base of the Company thereby increasing the liquidity of the Shares.

The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and Efulfilment and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITY IN PAST 12 MONTHS

The Company carried out a top-up placing in about April 2006 raising capital, net of placing commission and other related expenses, of approximately HK\$229 million which was intended to be applied as to approximately HK\$100 million for the expansion of the Group's production capacity in Cambodia, as to HK\$50 million for expansion of Mudd retail operation in the PRC and as to the remaining for repayment of debts. As at the date of Latest Practicable Date, the net proceeds from the said top-up placing have been fully utilised in the manner as disclosed in the announcement relating thereto. Save as aforesaid, there had not been other equity fund raising activity conducted by the Group in the past 12 months immediately preceding the date of this circular.

INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 Shares, all of which are in issue. In order to accommodate future expansion and growth of the Group, the Company proposes to increase its authorised share capital from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 unissued Shares. The proposed increase in authorised share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. Upon the proposed increase in authorised share capital becoming effective, the Company intends to issue the Second Tranche Subscription Shares pursuant to the Revised Subscription out of the additional 2,000,000,000 unissued Shares.

Assuming there will not be any repurchase or further issue of Shares (other than the Second Tranche Subscription Shares), the following shows the authorised share capital of the Company as at the Latest Practicable Date and after completion of the Placing and the subscription of the First Tranche Subscription Shares, immediately after the coming into effect of the proposed increase in authorised share capital but before completion of the subscription of the Second Tranche Subscription Shares, and immediately after the coming into effect of the proposed increase in authorised share capital and the issue of the Second Tranche Subscription Shares.

	As at the Latest Practicable Date and after completion of the Placing and the subscription of the First Tranche Subscription Shares		Immediately after the coming into effect of the proposed increase in authorised share capital but before completion of the subscription of the Second Tranche Subscription Shares		Immediately after the coming into effect of the proposed increase in authorised share capital and the issue of the Second Tranche Subscription Shares	
	<i>No. of Shares</i>	<i>HK\$</i>	<i>No. of Shares</i>	<i>HK\$</i>	<i>No. of Shares</i>	<i>HK\$</i>
Authorised	2,000,000,000	200,000,000	4,000,000,000	400,000,000	4,000,000,000	400,000,000
Total issued	2,000,000,000	200,000,000	2,000,000,000	200,000,000	2,012,734,000	201,273,400
Total unissued	0	0	2,000,000,000	200,000,000	1,987,266,000	198,726,600

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Efulfilment is a controlling Shareholder and therefore, a connected person of the Company under Chapter 14A of the Listing Rules. Efulfilment is owned by Mr. Kwok Wing and Mr. Kwok Chiu in equal proportion. Mr. Kwok Wing is the chairman and executive director of the Company and a younger brother of Mr. Kwok Chiu. As the subscription of the Second Tranche Subscription Shares will only take place after the EGM, which exceeds 14 days from the date of Placing, the subscription of the Second Tranche will not be exempted from Independent Shareholders, approval and therefore constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules which will be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. The Efulfilment Concert Group will abstain from voting for the relevant resolution approving the subscription of the Second Tranche Subscription Shares and matters contemplated thereby at the EGM in compliance with the Listing Rules.

EGM

The EGM will be convened and held to consider and, if thought fit, to approve by the Independent Shareholders, among other things, the subscription of the Second Tranche Subscription Shares and matters contemplated thereby by way of poll. The proposed increase in authorised share capital will also be put to vote of the Shareholders at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Company's Hong Kong branch share registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Board considered that the subscription of the Second Tranche Subscription Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM. The Board also considered the proposed increase in authorised share capital is fair and reasonable and in the interests of the Company and the Shareholders as a whole and accordingly recommends the Shareholders to vote in favour of the related resolution to be proposed at the EGM.

LETTER FROM THE BOARD

You are advised to read carefully the letter from the Independent Board Committee regarding the terms of the subscription of the Second Tranche Subscription Shares on page 14 of this circular. The Independent Board Committee, having taken into consideration of the advice of the independent financial adviser, Nuada Limited, set out in the letter from Nuada Limited, the text of which is set out on pages 15 to 19 of this circular, considers that the subscription of the Second Tranche Subscription Shares is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the subscription of the Second Tranche Subscription Shares and the matters contemplated thereby at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this Circular.

Yours faithfully
For and on behalf of
the board of Directors of
Tack Fat Group International Limited
Kwok Wing
Chairman

LETTER FROM INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the terms of the subscription of the Second Tranche Subscription Shares.



TACK FAT GROUP INTERNATIONAL LIMITED

德發集團國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

19 March 2007

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

We refer to the circular of the Company dated 19 March 2007 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to the Independent Board Committee and to advise you on the terms of the subscription of the Second Tranche Subscription Shares as to whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and how to vote on the resolutions regarding such subscription and the transactions contemplated thereby at the EGM.

Nuada Limited has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such regard. Details of its advice, together with the principal factors and reasons considered in arriving at such advice, is set out in the letter from Nuada Limited on pages 15 to 19 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 13 of the Circular and the additional information set out in Appendix – General Information – to the Circular.

Having considered the terms of the Revised Subscription and the advice of Nuada Limited in relation thereto, we are of the opinion that the terms of the subscription of the Second Tranche Subscription Shares are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the subscription of the Second Tranche Subscription Shares and the matters contemplated thereby.

Yours faithfully

Independent Board Committee of
Tack Fat Group International Limited

Leung Yiu Wing, Eric
*Independent
non-executive Director*

Ching Kwok Ho, Samuel
*Independent
non-executive Director*

Heng Kwoo Seng
*Independent
non-executive Director*

LETTER FROM NUADA LIMITED

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited setting out its opinion regarding the subscription of 12,734,000 Subscription Shares under the Revised Subscription prepared for the purpose of incorporation in this circular.

Nuada Limited

7th Floor, New York House
60 Connaught Road Central
Hong Kong

19 March 2007

*To the Independent Board Committee and
the Independent Shareholders of
Tack Fat Group International Limited*

Dear Sirs,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the subscription of 12,734,000 Subscription Shares under the Revised Subscription, details of which are set out in the letter from the Board (the “Letter”) contained in the circular of Tack Fat Group International Limited dated 19 March 2007 to the Shareholders (the “Circular”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

On 13 February 2007, Efulfilment entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed with Efulfilment to place, on a best effort basis, up to 178,000,000 existing Shares at the Placing Price of HK\$1.09 per Placing Share to third parties independent of the Company and its connected persons. On the same day, Efulfilment entered into the Subscription Agreement with the Company for the subscription of up to 178,000,000 new Shares at the Placing Price. The actual number of the Subscription Shares to be subscribed by Efulfilment shall be equal to the actual number of Placing Shares placed. As the Company has been informed by the Placing Agent that all the Placing Shares have successfully been placed, the total number of new Shares to be subscribed by Efulfilment under the Subscription Agreement shall be 178,000,000 Subscription Shares. The Subscription must be completed on or before 27 February 2007, being 14 days from the date of the Placing Agreement for it to be exempted from Independent Shareholders’ approval. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the Independent Shareholders. For details of the Placing and the Subscription, please refer to the announcement dated 14 February 2007 of Company (the “Previous Announcement”).

LETTER FROM NUADA LIMITED

On 26 February 2007, the Company announced that completion of subscription of 165,266,000 Subscription Shares would take place on 27 February 2007 and that completion of the remaining 12,734,000 Subscription Shares (the “Remaining Shares”) was expected to be completed on or about 15 April 2007 due to insufficient authorized share capital as a result of conversion of convertible bonds of the Company subsequent to the issue of the Previous Announcement. The subscription of the Remaining Shares by Efulfilment, which is a connected person by virtue of its controlling interests holding approximately 32% in the capital of the Company as at the Latest Practicable Date, constitutes a connected transaction under Chapter 14A of the Listing Rules and is, therefore, subject to approval by the Independent Shareholders.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the subscription of the Remaining Shares under the Revised Subscription is in the interests of the Company and the Shareholders as a whole, in the ordinary and usual course of business, on normal commercial terms, and fair and reasonable. We, however, do not envisage our role as to opine on the terms in relation to the Placing Agreement, the Subscription Agreement and the Supplemental Agreement, other than those relating to the subscription of the Remaining Shares under the Revised Subscription.

BASES AND ASSUMPTIONS

In formulating our opinion, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed to us by the Directors, the Company and its management. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company and the Directors, and have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all statements of intention of the Company or its Directors as set out in the Circular will be implemented.

In formulating our opinion, we have obtained and reviewed relevant information and documents provided by the Directors, the Company and its management in connection with the Revised Subscription and discussed with the management of the Group so as to assess the fairness and reasonableness of the Revised Subscription of the Remaining Shares. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the subscription of the Remaining Shares under the Revised Subscription.

We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the EGM. We have not, however, carried out any independent verification of the information and representations provided to and reviewed by us nor have we conducted any form of independent investigation into the businesses and affairs, financial position or the future prospects

LETTER FROM NUADA LIMITED

of the Company and/or their respective subsidiaries or associates. We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the subscription of the Remaining Shares under the Revised Subscription. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

The principal factors and reasons we have taken into account in giving our advice to the Independent Board Committee and the Independent Shareholders in respect of the subscription of the Remaining Shares under the Revised Subscription are set out below:

Background of the subscription of the Remaining Shares under the Revised Subscription

As mentioned in the section headed “Introduction” above, the Placing Agent placed, on behalf of Efulfilment, 178,000,000 existing Shares at the Placing Price of HK\$1.09 per Placing Share to third parties independent of the Company and its connected persons pursuant to the Placing Agreement and Efulfilment shall subscribe 178,000,000 new Shares (being the actual number of the Placing Shares placed) at a price equivalent to the Placing Price on or before 27 February 2007, being 14 days from the date of the Placing Agreement, pursuant to the Subscription Agreement. The arrangement of the Placing and the Subscription, as common practice, is for the purpose of facilitating fund raising exercise of the Company through top-up placement, as more time is required in cases of placements of new shares for the Listing Committee of the Stock Exchange to grant listing of and permission to deal in new shares. As stated in the Previous Announcement, the net proceeds of the Subscription of approximately HK\$190 million will be applied as to approximately HK\$90 million for the expansion of the Group’s production capacity in Cambodia and in the PRC, as to approximately HK\$50 million for expansion of Mudd retail operation in the PRC and as to the remaining of approximately HK\$50 million as general working capital and international brand names acquisition. However, if the Subscription is to be completed after 14 days from the date of the Placing Agreement, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval of the Independent Shareholders.

Due to issue of new Shares as a result of conversion of convertible bonds of the Company issued in 2004 subsequent to the issue of the Previous Announcement, the existing share capital of the Company is insufficient to issue 178,000,000 Subscription Shares in full. Therefore, the Company is proposing to increase its authorized share capital from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares by creating an additional 2,000,000,000 unissued Shares, details of which are set out in the Letter, and the Supplemental Agreement was entered into between the Company and Efulfilment to supplement the Subscription Agreement pursuant to which Efulfilment has agreed to subscribe for up to 165,266,000 Subscription Shares by 27 February 2007 (the “Subscribed Shares”) and the 12,734,000 Remaining Shares as soon as the proposed increase in authorized share capital becomes effective. Accordingly, the subscription of the Remaining Shares under the Revised Subscription constitutes a connected transaction under the Listing Rules. The aggregate amount of the Subscribed Shares and the Remaining Shares is equivalent to the number of Placing Shares placed under the Placing Agreement.

LETTER FROM NUADA LIMITED

Taking into account (i) the arrangement of the Placing and the Subscription is for the purpose of facilitating fund raising exercise of the Company through top-up placement; (ii) the circumstances leading to the subscription of the Remaining Shares by Efulfilment under the Revised Subscription to be completed as soon as the proposed increase in authorized share capital becomes effective; and (iii) the aggregate number of the Subscribed Shares and the Remaining Shares is equivalent to the actual number of the Placing Shares placed under the Placing Agreement, we consider that the subscription of the Remaining Shares under the Revised Subscription, which is not in the ordinary and usual course of business, is reasonable and necessary for completing the fund raising exercise of the Company through top-up placement, and thus in the interest of the Company and the Independent Shareholders as a whole.

Price for subscription of the Remaining Shares under the Revised Subscription and effects on shareholding structure of the Company

The Remaining Shares will be subscribed at the previously agreed subscription price of HK\$1.09 per Subscription Share under the Subscription Agreement, which is equivalent to the Placing Price. Efulfilment was interested in 652,800,000 Shares immediately before completion of the Placing, representing approximately 36.77% of the then issued share capital of 1,775,292,600 Shares, and was interested in 474,800,000 Shares immediately after completion of the Placing, representing approximately 25.88% of the then issued share capital of the Company of 1,834,734,000 Shares (as enlarged by the issue and allotment of new Shares upon conversion of convertible bonds of the Company). After completion of the subscription of the 165,266,000 Subscribed Shares and as at the Latest Practicable Date, Efulfilment was interested in 640,066,000 Shares, representing approximately 32.00% of the then issued share capital of the Company of 2,000,000,000 Shares (as enlarged by the issue and allotment of the 165,266,000 Subscribed Shares). Upon completion of the subscription of the 12,734,000 Remaining Shares, Efulfilment will be interested in 652,800,000 Shares, representing approximately 32.43% of the issued share capital of the Company of 2,012,734,000 Shares as enlarged by the issue and allotment of the Remaining Shares assuming no other Shares are issued or repurchased by the Company.

Given (i) the price for the subscription of the Remaining Shares is equivalent to the Placing Price; and (ii) the subscription of the Subscribed Shares and the Remaining Shares is to restore the original number of Shares held by Efulfilment prior to the Placing, we consider that the subscription of the Remaining Shares under the Revised Subscription is fair and reasonable and on normal commercial terms.

LETTER FROM NUADA LIMITED

RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we are of the view that the subscription of the Remaining Shares under the Revised Subscription is not in the ordinary and usual course of business, but is fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in respect of the subscription of the Remaining Shares under the Revised Subscription.

Yours faithfully,
For and on behalf of
Nuada Limited

Bernard Chan
Executive Director

Po Chan
Executive Director

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) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules:

Name of Director	Note	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Kwok Wing	1	Corporate	652,800,000	Long	32.64%
Kwok Wing	2	Corporate	<u>109,624,000</u>	Long	<u>5.48%</u>
			<u>762,424,000</u>		<u>38.12%</u>

Notes:

- The Shares are owned by Efulfilment, a company incorporated in the British Virgin Islands which is owned by Mr. Kwok Wing and Mr. Kwok Chiu, who is the elder brother of Mr. Kwok Wing, in equal proportion. The approximate 32.64% interest has taken into account interest in the Second Tranche Subscription Shares.
- The Shares are owned by Sharp Asset Holdings Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is held by Mr. Kwok Wing.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were 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 member of the Group:

Name of Shareholder	Note	No. of Shares held	Nature of interest	Position	Approximate percentage of issued share capital
Efulfilment	1	652,800,000	Beneficial	Long	32.64%
Kwok Chiu	1	652,800,000	Interest in controlled corporation	Long	32.64%
Sansar Capital Management, LLC	–	263,064,000	Investment Manager	Long	13.15%
SinoPac Capital Limited	2	207,702,400	Person having security interest	Long	10.39%
McCarthy Kent C.	3	216,592,000	Interest in controlled corporation	Long	10.83%
Jayhawk China Fund (Cayman), Ltd.	3	213,560,000	Investment manager	Long	10.68%
Templeton Asset Management Limited	–	175,106,000	Investment Manager	Long	8.76%
Sansar Capital Master Fund, LP	–	144,105,700	Beneficial	Long	7.21%
Sharp Asset Holdings Limited	4	109,624,000	Beneficial	Long	5.48%
Sansar Capital Special Opportunity Master Fund, LP	–	123,380,400	Investment manager	Long	6.17%
Allianz SE	5	103,790,000	Interest in controlled corporation	Long	5.19%
Dresdner Bank Aktiengesellschaft	5	103,790,000	Interest in controlled corporation	Long	5.19%
Veer Palthe Voute NV	5	103,790,000	Investment manager	Long	5.19%
Wan Lai Ngan	1, 4 & 6	762,424,000	Family interest	Long	38.12%

Notes:

1. The issued share capital of Efulfilment is beneficially owned by Mr. Kwok Chiu and Mr. Kwok Wing, the chairman and an executive director of the Company, in the proportion of 50:50. Mr. Kwok Chiu is therefore deemed to be interested in the Shares held by Efulfilment under the SFO. The approximate 32.64% interest has taken into account interest in the Second Tranche Subscription Shares.
2. Out of the 207,702,400 Shares, 179,400,000 Shares represent Shares to be issued upon exercise of the conversion rights attaching to the convertible bonds of the Company issued in 2004.
3. According to the form filed pursuant to Part XV of the SFO Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) by McCarthy Kent C. and Jayhawk China Fund (Cayman) Ltd., the Shares are held by Jayhawk China Fund (Cayman), Ltd. as investment manager which is owned 100% by McCarthy Kent C.
4. The entire issued share capital of Sharp Asset Holdings Limited is owned by Mr. Kwok Wing, the chairman and executive director of the Company.
5. According to the form filed pursuant to Part XV of the SFO Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) by Allianz SE, Dresdner Bank Aktiengesellschaft and Veer Palthe Voute NV, the Shares are held by Veer Palthe Voute NV in the capacity of an investment manager, which is 100% owned by Dresdner Bank Aktiengesellschaft, which in turn, is owned 81.1% by Allianz SE.
6. Ms. Wan Lai Ngan is the spouse of Mr. Kwok Wing and is there deemed to be interested in the Shares held by Efulfilment and Sharp Asset Holdings Limited under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, 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 member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, no Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Save as disclosed, as at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or the management shareholders (as defined in the Listing Rules) of the Company or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2006, being the date to which the latest published audited financial statements of the Company were made up.

Save for the Subscription Agreement and the Supplemental Agreement, there is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2006, being the date to which the latest audited financial statements of the Company were made up.

8. EXPERT

Nuada Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s) and/or references to its name in the form and context in which they respectively appear.

The following are the qualifications of the expert who has provided its advice and reports (as the case may be), which are contained in this circular:

Name	Qualification
Nuada Limited	a licensed corporation to conduct type 6 of the regulated activities registered under the SFO

As at the Latest Practicable Date, Nuada Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

9. PROCEDURE FOR DEMANDING A POLL

According to Article 66, a resolution put to the vote of any general meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Designated Stock Exchange or a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) 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) any 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 Shareholders having the right to vote at the meeting; or
- (d) any 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 the shares conferring that right; or
- (e) if required by the rules of the Designated Stock Exchange (as defined in the Articles), by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five (5) per cent or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Placing Agreement;
- (b) the Subscription Agreement;
- (c) the Supplemental Agreement;
- (d) the letter of advice from Nuada Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 15 to 19 of this circular;

- (e) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 14 of this circular;
- (f) the written consent from Nuada Limited as referred to in the paragraph headed “Expert” in this appendix above; and
- (g) the memorandum and articles of association of the Company.

11. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is located at 13th Floor, Roxy Industrial Centre, 58-66 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.
- (c) The company secretary of the Company is Mr. Chu Kin Wah, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.
- (d) The Company’s branch share registrar and transfer office in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East Wanchai, Hong Kong.
- (e) The English text of this circular prevails over its Chinese translation in case of discrepancy.



TACK FAT GROUP INTERNATIONAL LIMITED
德發集團國際有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Tack Fat Group International Limited (the “**Company**”) will be held at 14th Floor, Printing House, 6 Duddell Street, Central, Hong Kong on Thursday, 12 April 2007 at 9:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company with resolution no. 1 be taken by poll:

ORDINARY RESOLUTION 1

“**THAT** subject to the passing of ordinary resolution 2 below and the fulfillment or waiver of the terms and conditions set out in the subscription agreement dated 13 February 2007 (the “**Subscription Agreement**”) and supplemented by the supplemental agreement dated 26 February 2007 (the “**Supplemental Agreement**”) (collectively, the “**Agreement**”) entered into between the Company and Efulfilment Enterprises Limited (“**Efulfilment**”) (a copy of the Subscription Agreement and Supplemental Agreement having been produced to the meeting and marked “A” and “B” respectively and initialed by the chairman of the meeting for the purpose of identification) in respect of the portion of subscription of 12,734,000 shares of the Company (the “**Subscription Shares**”) of HK\$0.10 each at a subscription price of HK\$1.09 each (the “**Subscription**”):

- (i) the Agreement entered into in relation to the Subscription and the matters contemplated thereby be and are hereby approved, confirmed and ratified;
- (ii) the issue of the Subscription Shares to Efulfilment pursuant to the Subscription be and is hereby approved and the directors of the Company (the “**Directors**”) be and are hereby authorised to allot and issue the Subscription Shares pursuant to the Agreement; and
- (iii) the Directors be and are hereby authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient in connection with and to give effect to the Subscription.”

NOTICE OF EGM

ORDINARY RESOLUTION 2

“**THAT** the authorised share capital of the Company be increased from HK\$200,000,000 divided into 2,000,000,000 shares of the Company of HK\$0.10 each (the “**Shares**”) to HK\$400,000,000 divided into 4,000,000,000 Shares by the creation of an additional 2,000,000,000 unissued Shares and the Directors be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the increase in the authorised share capital of the Company.”

Yours faithfully
For and on behalf of
the board of Directors of
Tack Fat Group International Limited
Kwok Wing
Chairman

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
13th Floor
Roxy Industrial Centre
58-66 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

Hong Kong, 19 March 2007

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her/its stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy enclosed with the circular of the Company dated 19 March 2007 must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company’s branch registrars in Hong Kong, Tengis Limited, at 26th, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. In the case of joint holders of shares, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons 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.