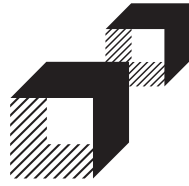


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TACK FAT GROUP INTERNATIONAL LIMITED **德發集團國際有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 928)

INCREASE IN AUTHORISED SHARE CAPITAL AND CONNECTED TRANSACTION

The Board proposes to increase the existing authorised share capital of the Company 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 the creation of additional 2,000,000,000 unissued Shares.

With reference to the Announcement in relation to the Placing and Subscription by Efulfilment, the controlling Shareholder holding approximately 25.88% in the capital of the Company as at the date of this announcement and after completion of the Placing, the Board further announces that completion of subscription of 165,266,000 Subscription Shares will take place on 27 February 2007 and that completion of the remaining 12,734,000 Subscription Shares is expected to be completed on or about 15 April 2007 due to insufficient authorised share capital of the Company.

The Revised Subscription is condition upon:

- (a) in respect of the subscription of 165,266,000 Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in 165,266,000 Subscription Shares by 27 February 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the 165,266,000 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 remaining 12,734,000 Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the remaining 12,734,000 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 12,734,000 Subscription Shares); and
 - (ii) the passing of an ordinary resolution by the Independent Shareholders approving the Supplemental Agreement and the transaction contemplated hereby by poll at the EGM.

In the event the subscription of 165,266,000 Subscription Shares is not completed by 27 February 2007, the subscription of 165,266,000 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 165,266,000 Subscription Shares by 20 April 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the 165,266,000 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 February 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 and the transaction contemplated thereby by poll.”

The subscription of the remaining 12,734,000 Subscription Shares by Efulfilment, which is a connected person by virtue of its controlling interests holding approximately 25.88% in the capital of the Company as at the date of this announcement and after completion of the Placing, constitutes a connected transaction under Chapter 14A of the Listing Rules and is thereby subject to Independent Shareholders passing an ordinary resolution approving the subscription of the remaining 12,734,000 Subscription Shares.

A circular, containing, among other matters, details of the Revised Subscription of 12,734,000 Subscription Shares, the proposed increase in authorised share capital of the Company, the letter from the independent financial adviser to the Independent Board Committee on the Revised Subscription of 12,734,000 Subscription Shares, the recommendation of the Independent Board Committee to the Independent Shareholders on the Revised Subscription of 12,734,000 Subscription Shares together with a notice of the EGM will be despatch to the Shareholders as soon as practicable in compliance with the Listing Rules.

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 of which 1,834,734,000 Shares 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 12,734,000 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 12,734,000 Subscription Shares), the following shows the authorised share capital of the Company as at the date of this announcement, immediately after completion of the 165,266,000 Subscription Share but before the proposed increase in authorised share capital, immediately after the coming into effect of the proposed increase in authorised share capital and immediately after the coming into effect of the proposed increase in authorised share capital and the issue of 12,734,000 Subscription Shares pursuant to the Revised Subscription.

	As at the date of this announcement		Immediately after completion of the subscription of 165,266,000 Subscription Shares but before the coming into effect of the proposed increase in authorised share capital		Immediately after the coming into effect of the proposed increase in authorised share capital		Immediately after the coming into effect of the proposed increase in authorised share capital of the Company and the issue of the remaining 12,734,000 Subscription Shares pursuant to the Revised Subscription	
	No. of Shares	HK\$	No. of Shares	HK\$	No. of Shares	HK\$	No. of Shares	HK\$
Authorised	2,000,000,000	200,000,000	2,000,000,000	200,000,000	4,000,000,000	400,000,000	4,000,000,000	400,000,000
Total issued	1,834,734,000	183,473,400	2,000,000,000	200,000,000	2,000,000,000	200,000,000	2,012,734,000	201,273,400
Total unissued	165,266,000	16,526,600	0	0	2,000,000,000	200,000,000	1,987,266,000	198,726,600

REVISED SUBSCRIPTION

Reference is made to the Announcement in relation to the Placing of up to 178,000,000 Placing Shares and Subscription of up to 178,000,000 Subscription Shares by Efulfilment, the controlling Shareholder holding approximately 25.88% in the capital of the Company as at the date of this announcement and after completion of the Placing.

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 Announcement, the existing authorised share capital of the Company is insufficient to issue 178,000,000 Subscription Shares in full. As indicated above, the Company is proposing 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.

In the circumstances, the Company and Efulfilment entered into the Supplemental Agreement dated 26 February 2007 to supplement the Subscription Agreement whereby Efulfilment has agreed to subscribe for up to 165,266,000 Subscription Shares by 27 February 2007, being the last date by which completion of 165,266,000 Subscription Shares must take place in order for the subscription of 165,266,000 Subscription Shares not to be required to be subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules and the remaining 12,734,000 Subscription Shares as soon as the proposed increase in authorised share capital becomes effective. The 165,266,000 Subscription Shares and the 12,734,000 Subscription Shares will all be subscribed at the previously agreed subscription price of HK\$1.09 per Subscription Share. The 165,266,000 Subscription Shares and 12,734,000 Subscription Shares, in aggregate, are equivalent to the maximum number of Placing Shares placed. The previously agreed subscription price of HK\$1.09 per Subscription Share which is equivalent to the Placing Price 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 and the date on which the subscription price of HK\$1.09 per Subscription Share were fixed; (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; 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).

The 165,266,000 Subscription Shares, which will be issued under the general mandate to allot, issue and deal with 348,832,800 Shares granted to the Directors at the annual general meeting of the Company held on 5 September 2006, represent approximately 9.0% and 8.26% of the issued share capital of the Company as at the date of this announcement and the issued share capital as enlarged by such issue. The remaining 12,734,000 Subscription Shares, which will be issued under a specific mandate to be obtained at the EGM, represent approximately 0.69% and 0.63% of the issued share capital of the Company as at the date of this announcement and the issued share capital as enlarged by such issue.

The Supplemental Agreement further extends the long stop date, in so far as 165,266,000 Subscription Shares are concerned, of 26 February 2007 as provided for in the Subscription Agreement to 27 February 2007.

The Revised Subscription is condition upon:

- (a) in respect of the subscription of 165,266,000 Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in 165,266,000 Subscription Shares by 27 February 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the 165,266,000 Subscription Shares) or if the subscription of 165,266,000 Subscription Shares is not completed by 27 February 2007, the subscription of 165,266,000 Subscription Shares and the transactions contemplated thereby will be subject to the approval of Independent Shareholders at the EGM by poll;
 - (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 Top-up Placing in accordance with the terms of the Placing Agreement; and
- (b) in respect of the subscription of the remaining 12,734,000 Subscription Shares:
 - (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the remaining 12,734,000 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 12,734,000 Subscription Shares); and
 - (ii) the passing of an ordinary resolution by the Independent shareholders of the Company approving the Supplemental Agreement and the transaction contemplated hereby by poll at the EGM.”

In the event the subscription of 165,266,000 Subscription Shares is not completed by 27 February 2007, the subscription of 165,266,000 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 165,266,000 Subscription Shares by 20 April 2007 (and such permission and listing not subsequently being revoked prior to the allotment and issue of the 165,266,000 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 February 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 and the transaction contemplated thereby by poll at the EGM.”

An application will be made to the Listing Committee of the Stock Exchange for its approval for the listing of and permission to deal in, 165,266,000 Subscription Shares and the remaining 12,734,000 Subscription Shares separately. On 23 February 2007, the SFC has granted the Waiver and Efulfilment will seek confirmation from the SFC on the subsistence of the Waiver. Completion of the Placing has taken place on 16 February 2007.

Completion of the subscription of 165,266,000 Subscription Shares and 12,734,000 Subscription Shares will be conditional upon the above conditions having been by the time stipulated therein.

Efulfilment, which, as at the date of this announcement and after completion of the Placing, is interested in approximately 25.88% of the existing issued share capital of the Company. Assuming there will not be repurchase or further issue of Shares, the total shareholding of Efulfilment will be increased to approximately 32.0% of the issued share capital of the Company after completion of 165,266,000 Subscription Shares. Upon completion of the remaining 12,734,000 Subscription Shares, the total shareholding of Efulfilment will further be increased to approximately 32.43% of issued share capital of the Company after completion of the subscription of the remaining 12,734,000 Subscription Shares.

The shareholding of Mr. Kwok Wing, the chairman and the substantial Shareholder, and the parties acting in concert with him (including Efulfilment) will be increased to approximately 37.48% of the issued share capital of the Company after completion of 165,266,000 Subscription Shares. Upon completion of the remaining 12,734,000 Subscription Shares, the total shareholding of Mr. Kwok Wing and the parties acting in concert with him will further be increased to approximately 37.88% of the issued share capital of the Company after completion of the remaining 12,734,000 Subscription Shares.

The following table illustrates the shareholding structure of the Company as at the date of this announcement, immediately after completion of the subscription of 165,266,000 Subscription Shares and immediately after completion of the subscription of 12,734,000 Subscription Shares.

Shareholder	As at the date of this announcement	Immediately after completion of the subscription of 165,266,000 Subscription Shares	Immediately after completion of the subscription of the remaining 12,734,000 Subscription Shares
Efulfilment (<i>Note 1</i>)	474,800,000 Shares (about 25.88%)	640,066,000 Shares (about 32.00 %)	652,800,000 Shares (about 32.43%)
Sharp Asset Holdings Limited (<i>Note 1</i>)	109,624,000 Shares (about 5.97%)	109,624,000 Shares (about 5.48%)	109,624,000 Shares (about 5.45%)
Sub-total of the Efulfilment Concert Group	584,424,000 Shares (about 31.85%)	749,690,000 Shares (about 37.48%)	762,424,000 Shares (about 37.88%)
Sansar Capital Management, LLC (<i>Note 2</i>)	263,064,000 (about 14.34%)	263,064,000 (about 13.15%)	263,064,000 (about 13.07%)
Public Shareholders (including the placees)	987,246,000 Shares (about 53.81%)	987,246,000 Shares (about 49.37%)	987,246,000 Shares (about 49.05%)
Total	1,834,734,000 Shares (100%)	2,000,000,000 Shares (100%)	2,012,734,000 Shares (100%)

Notes :

- 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.
- 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.

Other than the amendments set out above and the consequential variations in the Supplemental Agreement, all the terms 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. 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 165,266,000 Subscription Shares and 12,734,000 Subscription Shares) 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 of which approximately HK\$90 million 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 date of this announcement, no agreements have been entered into nor are there any negotiations undergoing for the acquisition of any international brand names. The net subscription price is approximately HK\$1.07 per Subscription Share.

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.

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.

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 this announcement, 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 announcement.

GENERAL

The subscription of the remaining 12,734,000 Subscription Shares by Efulfilment, which is a connected person by virtue of its controlling interests holding approximately 25.88% in the capital of the Company as at the date of this announcement and after completion of the Placing, constitutes a connected transaction under Chapter 14A of the Listing Rules and is thereby subject to Independent Shareholders passing an ordinary resolution approving the subscription of the remaining 12,734,000 Subscription Shares by way of poll.

An Independent Board Committee comprising the three independent non-executive Directors will be formed to advise the Independent Shareholders as to whether the terms of the Supplemental Agreement are fair and reasonable and whether the Supplemental Agreement is in the interests of the Company and its Shareholders as a whole and to advise on the Independent Shareholders on how to vote, taking into account of the recommendations of the independent financial advisers to be appointed. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular, containing, among other matters, details of the Revised Subscription of 12,734,000 Subscription Shares, the proposed increase in authorised share capital of the Company, the letter from the independent financial adviser to the Independent Board Committee on the Revised Subscription of 12,734,000 Subscription Shares, the recommendation of the Independent Board Committee to the Independent Shareholders on the Revised Subscription of 12,734,000 Subscription Shares together with a notice of the EGM will be despatch to the Shareholders as soon as practicable in compliance with the Listing Rules

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Announcement”	the announcement of the Company dated 14 February 2007 in relation to the Placing and the Subscription
“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”	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 25.88% of the entire issued share capital of the Company as the date of this announcement and after completion of the Placing
“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”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approve the subscription of 12,734,000 Subscription Shares to be subscribed by Efulfilment pursuant to the Revised Subscription and the proposed increase authorised share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the subscription of 12,734,000 Subscription Shares pursuant to the Revised Subscription
“Independent Shareholders”	Shareholders other than the Efulfilment Concert Group
“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 are beneficially owned by Efulfilment and has 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
“Revised Subscription”	the Subscription pursuant to the Subscription Agreement as amended by the Supplemental Agreement
“SFC”	the Securities and Futures Commission 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 the Subscription Shares by Efulfilment pursuant to the Subscription 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”	up to 178,000,000 new Shares for which Efulfilment has conditionally agreed to subscribe pursuant to the Subscription Agreement and as supplemented by the Supplemental Agreement
“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 Efulfilment and parties acting in concert with it as a result of the allotment and issue of the Subscription Shares

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

By order of the board of directors of
Tack Fat Group International Limited
Kwok Wing
Chairman

Hong Kong, 26 February 2007

As at the date of this announcement, the executive Directors are Mr. Kwok Wing, Mr. Lee Yuk Man, Mr. Ho Yik Kin, Norman and Mr. Kwok Kam Chuen, and the independent non-executive Directors are Mr. Leung Yiu Wing, Eric, Mr. Ching Kwok Ho, Samuel and Mr. Heng Kwo Seng.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in China Daily.