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TACK FAT GROUP INTERNATIONAL LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

**(1) DISCLOSEABLE TRANSACTION:
ACQUISITION OF 40% INTEREST IN GLOBAL AGRICULTURAL
DEVELOPMENT LIMITED
AND
(2) RESUMPTION OF TRADING**

On 8 July 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell 40% of both the entire issued share capital of and the shareholder's loan due by Global Agricultural at a total consideration of HK\$300 million. The total consideration will be satisfied by the Purchaser procuring Global Far East (Macao Commercial Offshore) Ltd., a wholly-owned subsidiary of the Company, to assign as beneficial owner all the rights, title, benefits and interests in its account receivables in the aggregate book values of HK\$300 million upon Completion.

The Target Group is principally engaged in timber harvesting and forestry plantation operations. The Ministry of Agriculture, Forestry & Fisheries of Cambodia has granted the Cambodian Subsidiary the concession of land covering a total area of approximately 9,800 hectares located in the District of Sambour, Kratie Province and the exclusive right to use for plantation of teak tree (*Tectona Grandis*), other trees and processing factory for a period of 70 years.

As the relevant percentage ratio in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular, among other things, with further details of the Acquisition will be issued to Shareholders as soon as possible.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 9 July 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2008.

Reference is made to the announcement of the Company dated 30 June 2008, which stated that the Company was in negotiation with an Independent Third Party in relation to the possible acquisition of certain shareholding in a company principally engaged in the development of natural resources in Cambodia. The proposed acquisition has materialised and the Group has entered into the Acquisition Agreement, details of which are disclosed below.

ACQUISITION AGREEMENT

Date: 8 July 2008

- Parties:
- 1) Forever Fit Holdings Limited, a wholly-owned subsidiary of the Company being the Purchaser, and
 - 2) Li Zhong Ming, an Independent Third Party who is the sole beneficial owner of the entire issued share capital of Global Agricultural immediately before Completion, being the Vendor.

Interests to be acquired

- 1) Sale Shares: 40 shares of US\$1.00 each, representing 40% of the entire issued share capital of Global Agricultural
- 2) Shareholders' loan: 40% of the loan due by Global Agricultural to the Vendor as at Completion

Consideration

The consideration for the Acquisition is HK\$300 million, which shall be satisfied by the Purchaser procuring Global Far East (Macao Commercial Offshore) Ltd., a wholly-owned subsidiary of the Company, to assign as beneficial owner all the rights, title, benefits and interests in its account receivables in the aggregate book values of HK\$300 million upon Completion. For the avoidance of doubt, if the accounts receivables subsequently recovered or realised by the Vendor are less than HK\$300 million, no further consideration or compensation shall be paid by the Purchaser.

The consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor by taking into consideration of various factors including (i) the future business and development plan of Global Agricultural which has, through the Cambodia Subsidiary, the exclusive right granted for plantation for 70 years over a total land area of 9,800 hectares in which 95% of the forestry land is plantable; (ii) the current forestry plantation industry trend including the continual increase in the log prices for Southeast Asian and the persistent global growth in demand for wood products; and (iii) the possible distribution of 60% of the net profit of Global Agricultural starting from the year ending 31 March 2009 to all its shareholders including the Group. The consideration has also taken into account and reflected the commercial risk for the forestry plantation business, the political, legal and fiscal risks for operating business in Cambodia, the minority stakes of shareholding and no control over the board of directors of the Target Group etc.. Based on the above factors, the Company considers that it is fair and reasonable to pay HK\$300 million to acquire the 40% interest in Global Agricultural as such amount fairly represents the value of the assets to be acquired by the Group.

The teak produced from the Forestry Land is expected to be exported as rough sawn timber for value-added processing in Asian countries such as Thailand, India, Vietnam, Indonesia and China. These Asian countries have been rapidly developing the furniture manufacturing industry, with the finished product often exported to Europe, North America and Australia. The volume of tropical logs and hardwood sawn timber imported to Thailand, India, Vietnam, Indonesia and China has risen substantially since 1990. Demand for imported wood of these countries is expected to continue to increase in these countries to meet the growing needs of the wood processing industries.

Conditions precedent to the Completion

Completion of the Acquisition Agreement shall not take place unless and until the following conditions have been satisfied:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review to be on the assets, liabilities, operations and affairs of the Target Group;
- (b) the Purchaser having received a legal opinion on the laws of the British Virgin Islands covering such matters relevant to Global Agricultural (including but not limited to incorporation, shareholding structure, business scope of Global Agricultural), and the transactions contemplated under the Acquisition Agreement in form and substance satisfactory to the Purchaser;
- (c) the Purchaser having received a legal opinion on the laws of Cambodia covering such matters relevant to the Cambodia Subsidiary and the Forestry Land (including but not limited to incorporation, shareholding structure, business scope of the Cambodia Subsidiary and the land-use right and concession right of the Forestry Land) in form and substance satisfactory to the Purchaser;
- (d) all the warranties given by the Vendor under the Acquisition Agreement remaining true, accurate, and not misleading in all respects; and
- (e) all necessary consents and approval in connection with the entering into of, and performance by the parties to the Acquisition Agreement, including but not limited to consents, authorisations or approvals from any regulatory or other government authorities as may be required having been obtained.

The Purchaser may at any time waive in writing the condition set out above (other than paragraph (e) above which is not waivable). If any of the conditions set out above has not been satisfied (or as the case may be, waived by the Purchaser) at or before 12:00 noon on 31 July 2008 or such later time and date as the Purchaser may agree, the Acquisition Agreement shall cease and determine.

Completion

Completion will take place within two business days after the fulfillment of the conditions set out above (or such date as to may be agreed by the Vendor and the Purchaser) in which event the Group shall be entitled to appoint one member to the board of directors of the Target Group.

INFORMATION ON THE TARGET GROUP

Global Agricultural is a limited liability company incorporated under the laws of British Virgin Islands, which is principally engaged in investment holding. The only asset is its investment in the Cambodia Subsidiary. The Cambodia Subsidiary is a limited liability company incorporated under the laws of Cambodia, which is principally engaged in timber harvesting and forestry plantation operations. The Ministry of Agriculture, Forestry & Fisheries of Cambodia, on 15 March 2006 (before the formal date of incorporation of the Cambodian Subsidiary), granted the Cambodia Subsidiary the concession of land covering a total area of approximately 9,800 hectares located in the District of Sambour, Kratie Province and the exclusive right to use for plantation of teak tree (*Tectona Grandis*), other trees and processing factory for a period of 70 years. 95% of the forestry land is plantable. The Target Group has recently started clearing up the existing timber in the Forestry Land for future plantation of teak tree (*Tectona Grandis*) and other trees, and the existing timber will be expected to be sold by the Target Group in 2009. According to the information available to the Directors, the Forestry Land currently contains approximately 3,268,000 cubic meters of existing timber. The entire clearing-up process will take at least five to six years. Infrastructures are being constructed in the Forestry Land, including processing factory, base camp, main access and boundary road, log yard and nursery garden. The plantation is designed to produce teak sawlogs from thinnings in around 7 to 12 years since planting, and to produce teak sawlogs from clearfall harvest in around 16 years since planting.

Based on the unaudited consolidated financial statement of the Target Group, the total and net asset value of the Target Group as at 31 May 2008 was approximately US\$6,424,000 (equivalent to approximately HK\$50,107,200). Net loss (both before and after taxation) for the year ended 31 December 2007 was approximately US\$1,090,000 (equivalent to approximately HK\$8,502,000), while net loss (both before and after taxation) for the year ended 31 December 2006 was approximately US\$706,000 (equivalent to approximately HK\$5,506,800).

Market Overview

Log prices for Southeast Asian species continued to rise in 2007. By reference to the Annual Review and Assessment of the World Timber Situation 2007 ("Annual Review 2007") published by International Tropical Timber Organization, price gains were due to the continuing effects of tightening supply of Southeast Asian logs intensified by enforcement measures against illegal logging and restriction on log exports. According to the Annual Review 2007, prices for most primary tropical timber products and species remained strong during 2006, as supply of raw materials tightened, global economies expanded and consumer confidence improved in most markets. In 2007, resulting from the strong demand in certain regions and restricted supplies from producer countries, prices for many primary tropical timber products reached record high.

As reported in Annual Review 2007, China continued to dominate world imports of tropical logs, importing 7.6 million m³ in 2006, a 3.4% increase from 2005. Moreover, China dominates the trade in secondary processed wood products and China's imports continue to drive the tropical log market. As China's economy has continued to grow remarkably in the recent years, it is expected to sustain considerable growth in the years ahead. In light of China's high economic growth rate, rising domestic consumption and growth in exports of secondary manufactured wood products, it is anticipated that log imports of China will continue to grow progressively and continue to support the log price.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the apparel manufacturing business through ODM and OEM with manufacturing base in the PRC and Cambodia, and also apparel retailing business in the PRC. The Group has started conducting business in Cambodia since 1994 and has now become one of the largest employers in the country. Leveraging on this rich experience, long history and strong local relationship in Cambodia, the Acquisition provides the opportunity for the Group to make a first step to expand into the natural resources business, diversifying its income stream and business portfolio. After Completion, the Group will have three major business lines: apparel manufacturing, apparel retailing and natural resources. The management of the Company has no previous experience engaging in the forestry industry.

After Completion, the Group will further expand its business portfolio into the forestry plantation business in Cambodia and receive the economic benefit derived from the initial clearing up of the Forestry Land and the subsequent economic benefit from the plantation of teak tree (*Tectona Grandis*) and other trees. Pursuant to the Acquisition Agreement, the Vendor has undertaken to procure that commencing from the year ending 31 March 2009, the board of directors of Global Agricultural shall declare and pay at least 60% of its consolidated net profit after tax as dividends to its shareholders (including the Purchaser) as soon as reasonably practicable following the receipt of the financial statements of Global Agricultural for the relevant year (which shall be issued within four months from the year end date). The Directors consider that the Acquisition will be beneficial for the Group for the following reasons: 1) the Acquisition allows the Group to diversify into the steady income stream of forestry plantation business taking into consideration the increasing global demand and prices of wood products especially in the PRC market; 2) it is a rare but good investment opportunity as the barriers to entry into the forestry industry of Cambodia is high, the government of Cambodia only selectively opens its natural resources industry to foreign investors; 3) the Group will be able to leverage on its rich experience, long history and strong local relationships in Cambodia to expand into natural resources business; 4) 60% of the net profit of Global Agricultural will be distributed to its shareholders including the Purchaser; and 5) the consideration is financed by the internal financial resources of the Group and no capital market activities is required to finance the Acquisition.

Furthermore, the Group has carried out studies and background due diligence on the industry trend of the forestry and wood products industry in the PRC and the rest of Asia, as well as the geological and climate environment of Cambodia, and the favorable findings of which further support the expansion into forestry plantation business.

After Completion, Global Agricultural will be treated as an associated company of the Company for accounting purpose. The 40% interest in Global Agricultural will be recorded in the Group's financial statements as "investment in associates" and the results of the Target Group will be equity accounted for in the books of the Company. The Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

As the relevant percentage ratio for the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. A circular, among other things, with further details of the Acquisition will be issued to Shareholders as soon as possible.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 9 July 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 16 July 2008.

DEFINITIONS

“Acquisition”	the proposed acquisition by the Purchaser of 40% of the entire issued share capital of Global Agricultural and 40% of the shareholder’s loan due by Global Agricultural pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchaser agreement between the Purchaser and the Vendor dated 8 July 2008 (as supplemented on 15 July 2008) in respect of the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Cambodia”	The Kingdom of Cambodia
“Cambodia Subsidiary”	Global Agricultural Development (Cambodia) Limited, a company incorporated in Cambodia on 5 May 2006 which is wholly-owned by Global Agricultural and is principally engaged in timber harvesting and forestry plantation operations
“Company”	Tack Fat Group International Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Acquisition Agreement
“Forestry Land”	the forestry land covering a total area of approximately 9,800 hectares located in the District of Sambour, Kratie Province, on which the Target Group has the exclusive right to use for plantation of teak tree (<i>Tectona Grandis</i>), other trees and processing factory for a period of 70 years
“Global Agricultural”	Global Agricultural Development Limited, a company incorporated in British Virgin Islands on 15 November 2005 with limited liability which is principally engaged in investment holding
“Group”	the Company and its subsidiaries

“Independent Third Party”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with, the Company, any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China, which for the purposes of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Forever Fit Holdings Limited, a wholly-owned subsidiary of the Company which is incorporated in the British Virgin Islands, and which is principally engaged in investment holding
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Global Agricultural and the Cambodia Subsidiary
“Vendor”	Li Zhong Ming, being the sole beneficial owner of Global Agricultural immediately before Completion and an Independent Third Party
“%”	per cent.

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

Hong Kong, 15 July 2008

As at the date of this announcement, the executive Directors are Mr. Kwok Wing, Mr. Ho Yik Kin, Norman, Mr. Kwok Kam Chuen, Ms. Kwok Choi Ha, Mr. Gary Drew Douglas, Mr. Chan Chak Kai, Kenneth and Mr. Lam Yick Sing, the non-executive Directors are Mr. Szeto Chak Wah, Michael and Mr. Lai Man Leung, and the independent non-executive Directors are Mr. Liu Kwong Sang, Mr. Ching Kwok Ho, Samuel and Mr. Chow Kai Leung, Sandy.