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TACK FAT GROUP INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Provisional Liquidators Appointed)

(Stock Code: 928)



PRICE SENSITIVE INFORMATION

**Financial Advisor to
the Company**



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

On 12 January 2009, the Investor, the Provisional Liquidators and the Escrow Agent entered into the Exclusivity and Escrow Agreement to grant the Investor a 6-month exclusivity period to negotiate the restructuring of the Company and certain subsidiaries and associated companies in the Group.

Asian Capital has been appointed by the Provisional Liquidator as the financial advisor to the Company regarding the restructuring of the Group.

Trading in the Shares has been suspended since 9:30 a.m. 30 July 2008 at the request of the Company and will remain suspended until further notice.

INTRODUCTION

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the announcement of the Company dated 12 September 2008 (the “**Appointment Announcement**”) in relation to, amongst other things, the appointment of Fok Hei Yu and Roderick John Sutton, both of Ferrier Hodgson Limited, to act as provisional liquidators of the Company (the “**Provisional Liquidators**”). Capitalized terms used in this announcement shall have the same meaning as defined in the Appointment Announcement unless otherwise defined herein.

On 2 December 2008, Radford Developments Limited (the “**Investor**”) submitted a proposal for the restructuring of the Company and certain subsidiaries and associated companies to the Provisional Liquidators (the “**Restructuring Proposal**”). The Provisional Liquidators have not formally accepted the Restructuring Proposal but consider that the Restructuring Proposal is their preferred proposal.

On 12 January 2009, an exclusivity and escrow agreement (the “**Exclusivity and Escrow Agreement**”) was entered into amongst the Investor, the Provisional Liquidators and Ferrier Hodgson Limited (the “**Escrow Agent**”) to grant the Investor exclusivity for the negotiation in good faith of a legally binding agreement for the implementation of the Restructuring Proposal (the “**Restructuring Agreement**”).

The Exclusivity and Escrow Agreement includes an acknowledgement and agreement from the Investor that the Provisional Liquidators may initiate or continue negotiations in respect of the sale or restructuring of the Company’s subsidiaries and associated companies which do not form part of the Restructuring Proposal (the “**Non-Core Subsidiaries**”).

EXCLUSIVITY AND ESCROW AGREEMENT

Date: 12 January 2009

Parties:

- A. the Investor;
- B. the Provisional Liquidators;
- C. the Escrow Agent.

The Investor is a company incorporated in the British Virgin Islands and is 100% beneficially owned by Moon Light Trust. The sole beneficiary of Moon Light Trust is Ms. Huang Min Chuan Joan. Mr. Chuang Eugene Yue-chien is the sole director of the Investor. The Investor, its ultimate beneficial owner and parties acting in concert with any of them are not connected persons as defined under the Listing Rules, and have not acquired any Shares within the 6 months period prior to the date of the Restructuring Proposal.

Exclusivity

The Exclusivity and Escrow Agreement takes effect from 12 January 2009 (the “**Effective Date**”). Until the date on which it terminates, the Provisional Liquidators will not negotiate, enter into or continue any binding commitment (whether on a conditional or unconditional basis) with any other party for the restructuring of the outstanding indebtedness and/or share capital and/or assets of any member of the Group (the “**Exclusivity Period**”), save for those solely in respect of the Non-Core Subsidiaries.

Alternative Structures

In the event that any of the structures or transactions proposed in the Restructuring Proposal are found to be legally or practically unworkable, the Provisional Liquidators and the Investor undertake to work in good faith to find alternative means or structures to effect the Restructuring Proposal so that the parties may obtain the benefits described in the Restructuring Proposal, subject to any concluded agreements in respect of the Non-Core Subsidiaries.

Working Capital Loan

Pursuant to the Exclusivity and Escrow Agreement, the Investor shall pay the sum of HK\$10,000,000 to the Escrow Agent as a loan to the Company to enable the Group to meet its working capital requirements during the Exclusivity Period (the “**Working Capital Loan**”), such payment to be made in two tranches. The first tranche of HK\$3,000,000 was paid on 13 January 2009 and the second tranche of HK\$7,000,000 is to be made by 22 January 2009.

The Escrow Agent will release upon request by the Provisional Liquidators such amounts of the Working Capital Loan as the Provisional Liquidators consider, in their absolute discretion, are required by the Group, provided that the Provisional Liquidators may not use the Working Capital Loan for any Non-Core Subsidiaries.

In the event that no Restructuring Agreement is reached or the Company goes into liquidation, the Investor and the Provisional Liquidators agree that the Working Capital Loan will rank pari passu with all of the Company’s existing debts and liabilities as at the Effective Date in all respects.

Upon the completion of the Restructuring Agreement, the Working Capital Loan shall not be transferred or dealt with under any scheme or schemes of arrangement used to implement the Restructuring Proposal or Restructuring Agreement and will remain as a debt owed by the Company to the Investor who will have an option to convert the principal amount of the Working Capital Loan into ordinary shares of the Company.

Fee Contribution

Pursuant to the Exclusivity and Escrow Agreement, the Investor will pay the total sum of HK\$6,400,000 to the Escrow Agent as an initial contribution toward the Provisional Liquidators’ and their advisors’ costs and expenses incurred in relation to the implementation of the Restructuring Proposal (the “**Fee Contribution**”) by 22 January 2009.

The Escrow Agent will release upon request by the Provisional Liquidators such amounts of the Fee Contribution as are required to pay such costs and expenses incurred by the Provisional Liquidators in relation to the implementation of the Restructuring Proposal (including the Provisional Liquidators’ own costs).

The Fee Contribution is not refundable in any circumstances.

In the event that the Exclusivity and Escrow Agreement terminates, other than when a Restructuring Agreement has been entered into by the Investor (or its nominee) and the Provisional Liquidators, the balance of the Fee Contribution (if any) will be paid to the Company to form part of the assets available for the distribution to the Company's creditors.

Termination

The Exclusivity and Escrow Agreement shall terminate and be of no further effect on the occurrence of the earliest of:

- (a) a failure by the Investor to make the payments stipulated under the Exclusivity and Escrow Agreement;
- (b) the date on which the Investor (or its nominee) and the Provisional Liquidators enter into a Restructuring Agreement;
- (c) the date on which the Investor and the Provisional Liquidators agree in writing that the Exclusivity and Escrow Agreement is terminated; or
- (d) the date falling six months after the Effective Date;

unless extended by mutual agreement between the Investor and the Provisional Liquidators.

APPOINTMENT OF FINANCIAL ADVISOR

Asian Capital (Corporate Finance) Limited ("**Asian Capital**") was appointed by the Provisional Liquidators as the financial advisor to the Company regarding the restructuring of the Group on 17 December 2008.

GENERAL

Shareholders and potential investors should note that detailed terms and conditions of the Restructuring Agreement are yet to be finalized.

Trading in the Shares has been suspended since 9:30 a.m. on 30 July 2008 at the request of the Company and will remain suspended until further notice.

On 10 October 2008, the Listing Division of the Stock Exchange issued a letter to the Company, *inter alia*, setting out the conditions for resumption of trading of the Shares. If the Company fails to submit a viable resumption proposal and demonstrate its compliance with Rule 13.24 of the Listing Rules on or before 10 April 2009, the Stock Exchange will place the Company in the second stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules.

Further announcements will be made as material developments take place.

For and on behalf of
Tack Fat Group International Limited
(Provisional Liquidators Appointed)
Fok Hei Yu
Roderick John Sutton
Joint and Several Provisional Liquidators
who act without personal liability

Hong Kong, 16 January 2009

As at the date of this announcement on the basis of the information available from the previous announcements made by the Company, the Board comprises four executive directors, namely, Mr. Kwok Wing, Mr. Kwok Kam Chuen, Ms. Kwok Choi Ha and Mr. Chan Chak Kai, Kenneth, one non-executive director, Mr. James D. McMullen and one independent non-executive director, Mr. Ching Kowk Ho, Samuel.

As at the date of this announcement, Mr. Chuang Eugene Yue-chien is the sole director of the Investor.

The Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to the Investor and confirm, having made all reasonable enquiries, that to the best of their knowledge, the 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.

The sole director of the Investor accepts full responsibility for the accuracy of the information contained in this announcement other than that relating to the Company or the Provisional Liquidators and confirm, having made all reasonable enquiries, that to the best of his knowledge, the 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.