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TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

ENTERING INTO THE RESTRUCTURING AGREEMENT AND PROPOSED APPLICATION FOR WHITEWASH WAIVER



Financial Advisor

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.

THE RESTRUCTURING AGREEMENT

The Company, the Provisional Liquidators, the Investor and the Escrow Agent entered into the Restructuring Agreement dated 26 May 2010 which provides for, inter alia, the proposed Capital Reorganisation, the proposed Open Offer, the proposed subscription of Investor Convertible Bonds, the proposed debt restructuring and schemes of arrangement and proposed application for the Whitewash Waiver. Principal terms of the Restructuring Agreement are set out in the main body of this announcement.

TAKEOVERS CODE IMPLICATIONS AND PROPOSED APPLICATION FOR WHITEWASH WAIVER

Pursuant to the terms of the Restructuring Agreement, the Company will take such steps as are necessary to implement the Open Offer and the Investor must as soon as practicable procure an underwriter, who may be the Investor itself or a party acting in concert with the Investor, to enter into the Underwriting Agreement with the Company pursuant to which the Open Offer will be fully underwritten.

If none of the Investor, its ultimate beneficial owner and parties acting in concert with any of them acts as underwriter to the Open Offer, assuming a full conversion of the Investor Convertible Bonds of HK\$100 million immediately after the Open Offer, the Investor will hold 10,000 million New Shares, representing approximately 39.6% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of the Investor Convertible Bonds only and completion of the Open Offer, and approximately 36.7% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of both of the Investor Convertible Bonds and Creditors Convertible Bonds and the completion of the Open Offer.

If the Investor, its ultimate beneficial owner or parties acting in concert with any of them acts as underwriter to the Open Offer, assuming none of the Shareholders takes up the Offer Shares, the Investor will hold approximately 25,000 million New Shares, representing approximately 99.1% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of the Investor Convertible Bonds only and completion of the Open Offer, and approximately 91.8% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of both of the Investor Convertible Bonds and Creditors Convertible Bonds and completion of the Open Offer.

Accordingly, the Investor, its ultimate beneficial owner and parties acting in concert with any of them will make an application to the Executive under the Takeovers Code for a Whitewash Waiver waiving their obligations to make a mandatory general offer for Shareholders under Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval by the independent Shareholders in the EGM, who are not interested or involved in the Investor Convertible Bonds, the Open Offer and the Whitewash Waiver.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

The transactions contemplated under the Restructuring Agreement are subject to the entering into of the Investor Subscription Agreement, Creditors Subscription Agreement, New Profit Agreement and Underwriting Agreement and the fulfillment of a number of conditions precedent, and therefore may or may not materialize.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 30 July 2008. Until satisfaction of all the Resumption Conditions set by the Listing Division of the Stock Exchange, trading in the Shares will continue to be suspended. The release of this announcement does not indicate that trading in the Shares will be resumed and that the listing approval for the Offer Shares will be granted.

INTRODUCTION

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules. Reference is made to the Company's announcement dated 14 April 2010 in relation to, amongst others, the in-principal approval granted by the Stock Exchange for resumption of trading in the Shares and the conditions set by the Stock Exchange. Trading in the Shares has been suspended since 30 July 2008. In order to satisfy the resumption conditions, the Company, the Provisional Liquidators, the Investor and the Escrow Agent entered into the Restructuring Agreement dated 26 May 2010 which provides for, inter alia, the proposed Capital Reorganisation, the proposed Open Offer, the proposed subscription of Investor Convertible Bonds, the proposed debt restructuring and schemes of arrangement and proposed application for the Whitewash Waiver. Details of the Restructuring Agreement are set out below:

THE RESTRUCTURING AGREEMENT

Date: 26 May 2010

Parties:

- (1) the Company
- (2) the Provisional Liquidators
- (3) the Investor
- (4) the Escrow Agent

The Investor, its ultimate beneficial owner and parties acting in concert with any of them have confirmed to the Company and the Provisional Liquidators that they and their respective associates are independent third parties not connected with or acting in concert with the Company, the Directors and substantial Shareholders or any of their subsidiaries or their respective associates.

1. Proposed Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company was HK\$400,000,000 comprising 4,000,000,000 Shares of HK\$0.10 each, of which 2,212,606,800 Shares had been issued and fully paid. The issued share capital of the Company was HK\$221,260,680. Pursuant to the terms of the Restructuring Agreement, the Company will use reasonable endeavours to reorganise the Company's existing share capital in the following manner:

(i) *Capital Reduction and Capital Cancellation*

The par value of every Share will be reduced from HK\$0.10 to HK\$0.001 and all unissued Shares will be cancelled. As a result, assuming there is no change in the number of Shares from the date of this announcement to the date which the Capital Reorganisation becomes effective, the existing paid-up capital of the Company will be reduced from approximately HK\$221 million to approximately HK\$2 million. The credit amount of approximately HK\$219 million arising from the Capital Reduction will be applied in a manner as permitted by the Cayman Companies Law, including but not limited to setting off part of the accumulated losses of the Company of approximately HK\$2,099 million as at 31 March 2009.

(ii) Share Consolidation

Upon the Capital Reduction and Capital Cancellation becoming effective, every 10 issued shares of par value HK\$0.001 each will be consolidated and exchanged into one New Share of par value HK\$0.01 each.

(iii) Authorised Share Capital Increase

Following the Capital Reduction and Share Consolidation, the Company's authorised share capital will be increased to HK\$500 million, divided into 50,000,000,000 New Shares of HK\$0.01 each.

The Capital Reorganisation will become effective conditional upon, inter alia, Shareholders approval at the EGM and the Capital Reduction being sanctioned by the Cayman Court. Further announcements will be made in respect of the expected timetable of the Capital Reorganisation.

2. Subscription of Investor Convertible Bonds

Pursuant to the terms of the Restructuring Agreement, the Investor will subscribe for and the Company will on the Closing Date issue to the Investor (or as the Investor may direct) the Investor Convertible Bonds, in the aggregate principal amount of HK\$100 million on and subject to the terms of the Restructuring Agreement, the Investor Subscription Agreement and the memorandum of the Company and the Articles of Association.

The Company will receive gross proceeds from the subscription of the Investor Convertible Bonds of HK\$74,000,000 from the Investor, after setting off the working capital loan of HK\$10 million advanced by the Investor to the Company under the Exclusivity and Escrow Agreement and fees and costs of HK\$16 million incurred by the Company in negotiation, documentation and implementation of the restructuring of the Group. The Cash Consideration of HK\$50 million out of the gross proceeds from the subscription of Investor Convertible Bonds will be made available for distribution to the Scheme Creditors and the New Profit Stakeholders and the remaining HK\$24 million of the gross proceeds will be applied towards the working capital requirements of the restructured Group.

To the best knowledge of and available information to the Provisional Liquidators, none of the Scheme Creditors and the New Profit Stakeholders is a Shareholder.

3. Open Offer

Pursuant to the terms of the Restructuring Agreement, the Company will take such steps as are necessary to implement the Open Offer of New Shares on the basis of 339 Offer Shares for every 5 New Shares held on the record date, being a date to be fixed as soon as practicable, by the qualifying Shareholders. The Offer Shares will be issued at Closing to raise approximately HK\$150,000,000. The Investor must as soon as practicable procure an underwriter, who may be the Investor itself or a party acting in concert with the Investor, to enter into the Underwriting Agreement with the Company pursuant to which the Open Offer will be fully underwritten.

The net proceeds from the proposed Open Offer are intended to be applied towards the working capital requirements of the restructured Group.

4. Debt Restructuring and the Schemes

Pursuant to the terms of the Restructuring Agreement, the Company will apply to the Hong Kong Court and the Cayman Court for orders convening the Scheme Meetings to consider the Schemes pursuant to which (a) all Claims against the Company will be compromised, discharged and/or settled; (b) the Scheme Creditors will receive a pro rata distribution of five sevenths of the Creditors Convertible Bonds; and (c) the Company will transfer or procure the transfer to the Scheme Administrators for distribution to the Scheme Creditors:

- (i) five sevenths of the Cash Consideration;
- (ii) any cash held by or for the account of the Company at Closing; and
- (iii) all rights, title and interest in the companies transferred to Key Winner by Ever Century on or about 29 May 2009, and any other assets in the Group other than the XXEZZ Assets.

Under the Schemes, the Scheme Administrators and the Company must procure that the remaining two sevenths of the Cash Consideration and two sevenths of the Creditors Convertible Bonds are transferred as soon as practicable after Closing to New Profit for the benefit of the New Profit Stakeholders (the “**New Profit Distribution**”).

The principal terms of the Schemes shall include:

- (i) the Company shall transfer all assets of the Company other than the XXEZZ Assets to Key Winner (for the benefit of the Scheme Creditors) with effect from the Closing Date or as the Provisional Liquidators shall direct;
- (ii) Key Winner shall subscribe for and the Company shall on the Closing Date issue the Creditors Convertible Bonds to Key Winner (for the benefit of the Scheme Creditors) on and subject to the terms of the Restructuring Agreement, the Creditors Subscription Agreement and the memorandum of the Company and the Articles of Association; and

- (iii) without limiting the generality of (i) above, the Company shall assign to Key Winner for the benefit of the Scheme Creditors all Claims (including receivables) which the Company may have against any person, including any claims against its present or former Directors, officers, auditors and advisors.

The Provisional Liquidators shall use reasonable endeavours to procure the execution of the New Profit Agreement and that the whole of the New Profit Distribution shall be made available to the New Profit Stakeholders in accordance with the terms of the New Profit Agreement. The Company undertakes that from the date of the Restructuring Agreement until the effective date of the Schemes it will not create, allot or issue any Shares, options or rights to subscribe in respect of any share capital of any member of the restructured Group (other than the New Shares created/issued under the Capital Reorganisation, the Investor Subscription Agreement, the Creditors Subscription Agreement and the Open Offer).

Conditions precedent

Closing is conditional on satisfaction of each of the following conditions precedent (unless waived by agreement in writing of the Investor and the Provisional Liquidators):

- (i) the Hong Kong Scheme being sanctioned by the Hong Kong Court;
- (ii) the Cayman Scheme being sanctioned by the Cayman Court;
- (iii) the issue of Investor Convertible Bonds and Creditors Convertible Bonds, the Capital Reorganisation, the Open Offer, the appointment of new Directors (as agreed between the Investor and the Company and conditional and subject only on the issue of the Closing Notice and to the provisions of the Takeovers Code), the Whitewash Waiver and other transactions contemplated in the Restructuring Agreement being approved by the Shareholders in the EGM;
- (iv) the approval for resumption of trading in the Shares and the New Shares being confirmed by the Stock Exchange;
- (v) the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the New Shares in issue on Closing and to be issued pursuant to the Restructuring Agreement, the Investor Subscription Agreement and the Creditors Subscription Agreement;
- (vi) the granting by the Executive of the Whitewash Waiver;
- (vii) the withdrawal of the petition to wind-up the Company and the discharge of the Provisional Liquidators;
- (viii) the due execution of the Investor Subscription Agreement, the Creditors Subscription Agreement, the Underwriting Agreement and the New Profit Agreement;

- (ix) the completion of the Open Offer;
- (x) execution of transfer agreement in respect of transfer of claims and any non-XXEZZ Assets to Key Winner (for the benefit of the Scheme Creditors) ;
- (xi) the release of share charges over the shares of Ever Century; and
- (xii) provision of evidence of the Investor to pay HK\$74,000,000 and the remaining costs in the amount of HK\$4,800,000 on Closing.

Other than the preparation of the relevant legal documents referred in condition (viii), there are no outstanding material matters/conditions which still need to be resolved/satisfied before such legal documents can be executed. The company will make relevant announcement(s) when these agreements are executed.

The Investor has no intention to waive conditions (iii) and (vi) in respect of the Whitewash Waiver.

Alternative structures

In the event that any of the structures or transactions proposed in the Restructuring Agreement are found to be legally or practically unworkable or not approved by the Stock Exchange, the SFC or any other regulatory authority, each party agrees to work together with the other parties 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 Agreement.

Investor's undertakings

If requested by the Stock Exchange, the Investor agrees to undertake to the Stock Exchange:

- (i) that for a period of 12 months after the Closing Date it will make fund available to the Company for the working capital requirements of the Group on such terms and conditions as the Investor and the Company may from time to time agree;
- (ii) that it will, as soon as practicable after Closing take appropriate steps to ensure that an adequate number of New Shares will be sold, placed or otherwise disposed of to independent third parties so that not less than 25% of the Company's issued share capital is held by the public in compliance with the Listing Rules ("**Public Float Compliance**");
- (iii) that the Company will not dispose of any of its assets after Closing if such disposal will have the effect of the Company breaching the Listing Rules; and
- (iv) that the conversion rights of the Investor Convertible Bonds will not be exercised and that the Company will not issue New Shares pursuant to the conversion rights of the Investor Convertible Bonds if such exercise or issue of New Shares would result in non-Public Float Compliance;

Interim working capital

The Provisional Liquidators shall hold the working capital provided by the Investor under the Exclusivity and Escrow Agreement in the Working Capital Account to be used pending Closing or termination of the Restructuring Agreement solely for the purpose of funding the working capital needs of the XXEZZ Assets. Any amounts standing to the credit of the Working Capital Account will be paid by the Provisional Liquidators to the Investor on termination of the Restructuring Agreement or to the Company on the Closing Date.

Group reorganisation

It was disclosed in the audited annual report of the Company for the year ended 31 March 2009 that “Pursuant to the Company’s announcement dated 29 May 2007, the Company acquired the XXEZZ business in June 2007 by acquiring 90% interest in Best Favour Investments Limited, which was principally engaged in fashion design and management of its XXEZZ brand of smart casual wear. Investigations conducted by the Provisional Liquidators show that the brand “XXEZZ” does not belong to the Group. However, Best Favour Investments Limited has always been managing the brand of XXEZZ pursuant to a written authority.” With the Provisional Liquidators’ effort to rectify such situation, XXEZZ trademark is now owned by a company, which does not belong to the Group but is now controlled by the Provisional Liquidators. The Provisional Liquidators will take all necessary steps to transfer the XXEZZ trademark to the Group to facilitate the Group’s business continuity before Closing and undertake to take such other steps as are necessary to procure that on Closing the Group’s only assets are the XXEZZ Assets.

Termination

The Provisional Liquidators may terminate the Restructuring Agreement on written notice to the Investor if the Investor breaches or defaults in any of its obligations under the Restructuring Agreement or fails to comply fully with such obligations and fails to rectify such breach, default or non-compliance within 10 business days of the Provisional Liquidators notifying the Investor in writing of such breach, default or non-compliance. If the Restructuring Agreement is terminated in this manner, all Creditors’ Claims together with interest shall continue to remain due and payable by the Company and the Provisional Liquidators will be entitled to retain all amounts standing to the credit of the account controlled by the Provisional Liquidators for the purpose of paying costs and expenses for implementing the Restructuring Proposal (the “**Costs Account**”).

The Investor shall be entitled to terminate the Restructuring Agreement on written notice to the Company and the Provisional Liquidators if Closing does not occur on or before the Long Stop Date other than as a result of the Investor breaching or defaulting in any of its obligations under the Restructuring Agreement or failing to comply fully with its obligations under the Restructuring Agreement. If the Restructuring Agreement is terminated in this manner, all Creditors’ Claims together with interest shall continue to remain due and payable by the Company and the Provisional Liquidators will transfer to the Investor all amounts standing to the credit of the Working Capital Account and the Costs Account, less any unpaid costs and expenses payable up to the date of termination.

The Restructuring Agreement shall be terminated automatically if:

- (i) the listing of the Shares has been cancelled by the Stock Exchange before the Closing Date and the Company has failed in an appeal to the Listing Appeals Committee of the Stock Exchange to reverse the decision;
- (ii) an order has been made by the Hong Kong Court to wind up the Company; or
- (iii) the Provisional Liquidators and the Investor agree in writing that the Restructuring Agreement shall be terminated.

If the Restructuring Agreement is terminated automatically, all Creditors' Claims together with interest shall continue to remain due and payable by the Company and the Provisional Liquidators will transfer to the Investor all amounts standing to the credit of the Working Capital Account and the Costs Account, less any unpaid costs and expenses payable up to the date of termination.

Exclusivity and Escrow Agreement

Pursuant to the Restructuring Agreement, the Exclusivity and Escrow Agreement will continue in full force and effect until the earlier of the Closing or the termination of the Restructuring Agreement.

INFORMATION ON THE INVESTOR

The Investor is an investment holding 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 ("**Ms Huang**"). Mr. Chuang Eugene Yue-chien, son of Ms. Huang, 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 dealt in any Shares within the 6-month period prior to the date of the Restructuring Proposal and up to the date of this announcement.

INVESTOR'S DEALING AND INTEREST IN THE COMPANY'S SECURITIES

Save for entering into the Restructuring Agreement, none of the Investor, its ultimate beneficial owner and parties acting in concert with any of them has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Shares during the period commencing on the date falling six months prior to the date of the Restructuring Agreement and up to the date of this announcement. As at the date of this announcement, the Investor, its ultimate beneficial owner and parties acting in concert with any of them do not hold any Shares, warrants, options or convertible securities of the Company or any derivatives in respect of the securities of the Company.

There is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Investor or the Company and which might be material to the transactions under the Restructuring Agreement which is subject to the Whitewash Waiver and neither the Investor, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Assuming the Capital Reorganisation having been effective, the shareholding structures of the Company immediately before and after Closing are set out below:

Scenario #1: when the Creditors Convertible Bonds being fully converted into New Shares immediately after the Open Offer:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately following the completion of Capital Reorganisation		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds and Creditors Convertible Bonds (assuming all qualifying Shareholders take up their respective entitlements under the Open Offer) (Note 2)		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds and Creditors Convertible Bonds (assuming none of the qualifying Shareholders take up their respective entitlements under the Open Offer)		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds and Creditors Convertible Bonds (assuming none of the qualifying Shareholders take up their respective entitlements under the Open Offer) and the Company's minimum public float could be maintained	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Investor, its beneficial owner and parties acting in concert with any of them/underwriter (Note 1)	–	0.0%	–	0.0%	10,000,000,000	36.7%	25,001,474,104	91.8%	20,417,051,088	75.0%
Scheme Creditors and New Profit Stakeholders	–	0.0%	–	0.0%	2,000,000,000	7.3%	2,000,000,000	7.3%	2,000,000,000	7.3%
Mr. Kwok Wing and associates	762,424,000	34.5%	76,242,400	34.5%	5,245,477,120	19.3%	76,242,400	0.3%	76,242,400	0.3%
Public Shareholders	1,450,182,800	65.5%	145,018,280	65.5%	9,977,257,664	36.7%	145,018,280	0.5%	4,729,441,296	17.4%
Total	<u>2,212,606,800</u>	<u>100.0%</u>	<u>221,260,680</u>	<u>100.0%</u>	<u>27,222,734,784</u>	<u>100.0%</u>	<u>27,222,734,784</u>	<u>100.0%</u>	<u>27,222,734,784</u>	<u>100.0%</u>

Notes:

1. This table assumes that the Investor, its ultimate beneficial owner and parties acting in concert with any of them will act as the underwriter to the Open Offer;
2. The above calculation illustrates the effect on the shareholding structure of the Company upon the Investor Convertible Bonds being converted in full immediately after the Open Offer.

As at the date of this announcement, the Investor has no intention to exercise its rights to convert the Investor Convertible Bonds upon Closing, and the Investor will comply with the relevant requirements under the Listing Rules and the Takeovers Code upon full or partial conversion of the Investor Convertible Bonds;

Scenario #2: when the Creditors Convertible Bonds not being converted into any New Shares:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately following the completion of Capital Reorganisation		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds only (assuming all qualifying Shareholders take up their respective entitlements under the Open Offer) (Note 4)		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds only (assuming none of the qualifying Shareholders take up their respective entitlements under the Open Offer)		Shareholding immediately following the completion of Capital Reorganisation, the Open Offer and fully conversion of Investor Convertible Bonds only (assuming none of the qualifying Shareholders take up their respective entitlements under the Open Offer) and the Company's minimum public float could be maintained	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Investor, its beneficial owner and parties acting in concert with any of them/underwriter (Note 3)	–	0.0%	–	0.0%	10,000,000,000	39.6%	25,001,474,104	99.1%	18,917,051,088	75.0%
Scheme Creditors and New Profit Stakeholders	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Mr. Kwok Wing and associates	762,424,000	34.5%	76,242,400	34.5%	5,245,477,120	20.8%	76,242,400	0.3%	76,242,400	0.3%
Public Shareholders	1,450,182,800	65.5%	145,018,280	65.5%	9,977,257,664	39.6%	145,018,280	0.6%	6,229,441,296	24.7%
Total	<u>2,212,606,800</u>	<u>100.0%</u>	<u>221,260,680</u>	<u>100.0%</u>	<u>25,222,734,784</u>	<u>100.0%</u>	<u>25,222,734,784</u>	<u>100.0%</u>	<u>25,222,734,784</u>	<u>100.0%</u>

Notes:

- This table assumes that the Investor, its ultimate beneficial owner and parties acting in concert with any of them will act as the underwriter to the Open Offer;
- The above calculation illustrates the effect on the shareholding structure of the Company upon the Investor Convertible Bonds being converted in full immediately after the Open Offer.

As at the date of this announcement, the Investor has no intention to exercise its rights to convert the Investor Convertible Bonds upon Closing, and the Investor will comply with the relevant requirements under the Listing Rules and the Takeovers Code upon full or partial conversion of the Investor Convertible Bonds;

TAKEOVERS CODE IMPLICATIONS AND PROPOSED APPLICATION FOR WHITEWASH WAIVER

As at the date of the Restructuring Agreement, the Investor, its ultimate beneficial owner and parties acting in concert with any of them did not own any Shares.

Pursuant to the terms of the Restructuring Agreement, the Investor will subscribe for the Investor Convertible Bonds of HK\$100 million. If none of the Investor, its ultimate beneficial owner and parties acting in concert with any of them acts as underwriter to the Open Offer, assuming a full conversion of the Investor Convertible Bonds immediately after the Open Offer, the Investor will hold 10,000 million New Shares, representing approximately 39.6% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of the Investor Convertible Bonds only and completion of the Open Offer, and approximately 36.7% of the issued share capital of the Company upon completion of the Capital Reorganization and as enlarged by the full conversion of both of the Investor Convertible Bonds and Creditors Convertible Bonds.

If the Investor, its ultimate beneficial owner or parties acting in concert with any of them acts as underwriter to the Open Offer, assuming none of the Shareholders takes up the Offer Shares and a full conversion of the Investor Convertible Bonds immediately after the Open Offer, the Investor will hold approximately 25,000 million New Shares, representing approximately 99.1% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of the Investor Convertible Bonds only and the completion of the Open Offer, and approximately 91.8% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the full conversion of both of the Investor Convertible Bonds and Creditors Convertible Bonds and the completion of the Open Offer.

As such, no matter under which circumstances described above, in the absence of the Whitewash Waiver, the Investor, its ultimate beneficial owner and parties acting in concert with any of them would be obliged to extend a mandatory general offer to all Shareholders under Rule 26 of the Takeovers Code. In this respect, the Investor, its ultimate beneficial owner and parties acting in concert with any of them will make an application to the Executive for the Whitewash Waiver, the grant of which by the Executive is a condition precedent to the Closing. The Whitewash Waiver, if granted, will be subject to, amongst other things, the approval by the independent Shareholders in the EGM, who are not interested or involved in the Restructuring Agreement, the Investor Subscription Agreement, the Open Offer and the Whitewash Waiver.

The percentages referred to above are for illustration purposes only. As set out in paragraph 3 headed “Open Offer” under the section headed “The Restructuring Agreement” above, the Investor has agreed to procure an underwriter to enter into the Underwriting Agreement with the Company as soon as possible and, therefore the percentages would be different in the event that the underwriter of the Open Offer is not connected with, or acting in concert with, the Investor.

None of the Investor, its ultimate beneficial owner and parties acting in concert with any of them has received any irrevocable commitment to vote for or against the Whitewash Waiver as at the date of this announcement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An independent board committee will be established to make recommendations to the independent Shareholders in respect of voting on the resolutions to approve the issue of the Investor Convertible Bonds, the Open Offer and the Whitewash Waiver by way of a poll at the EGM.

The Company has identified an independent financial advisor, to advise the independent board committee and the independent Shareholders as to whether the terms of the Investor Convertible Bonds, the Open Offer and the Whitewash Waiver are fair and reasonable and advise on how the independent Shareholders should vote in respect of these resolutions. The appointment of such independent financial advisor will be subject to the approval of the independent board committee. Further announcement will be made when the independent board committee is established and the independent financial advisor is appropriately appointed.

GENERAL

The EGM will be held at which resolutions will be proposed to consider and, if thought fit, pass the resolutions to approve all the relevant transactions contemplated in the Restructuring Agreement.

A circular including, amongst other things, details of (i) the Restructuring Agreement; (ii) the Open Offer; (iii) the Investor Subscription Agreement; (iv) the Creditors Subscription Agreement; (v) the Whitewash Waiver; (vi) the recommendation of the independent board committee of the Company in relation to the Whitewash Waiver; (vii) a letter of advice from the independent financial advisor to the independent board committee and the independent Shareholders in relation to the Open Offer, the Investor Convertible Bonds and the Whitewash Waiver; and (viii) a notice of the EGM will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

The transactions contemplated under the Restructuring Agreement are subject to the entering into of the Investor Subscription Agreement, Creditors Subscription Agreement, New Profit Agreement and Underwriting Agreement and the fulfillment of a number of conditions precedent, and therefore may or may not materialize.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 30 July 2008. Until satisfaction of all the Resumption Conditions set by the Listing Division, trading in the Shares will continue to be suspended. The release of this announcement does not indicate that the trading of the Shares will be resumed and that the listing approval for the Offer Shares will be granted.

Further announcements will be made as material developments take place.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings as set out below unless the context requires otherwise:

“Anway”	Anway Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Articles of Association”	the articles of association of the Company
“Authorised Share Capital Increase”	the increase of the authorised share capital of the Company from HK\$2,212,606.80 to HK\$500,000,000 by the creation of additional 49,778,739,320 New Shares at par value of HK\$0.01 each following the Capital Reduction, Capital Cancellation and Share Consolidation
“Best Favour”	Best Favour Investments Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect non wholly-owned subsidiary of the Company
“Board”	the board of Directors
“business day(s)”	any day other than Saturday, Sunday or any other day on which banks in Hong Kong are required or permitted to close
“Capital Cancellation”	the proposed cancellation of the unissued share capital of the Company in its entirety upon the Capital Reduction becoming effective, resulting in the authorised and issued share capital of the Company becoming HK\$2,212,606.80
“Capital Reduction”	the proposed reduction of the nominal value of each Share from HK\$0.10 to HK\$0.001
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company including Capital Reduction, Capital Cancellation, Share Consolidation, Authorised Share Capital Increase
“Cash Consideration”	the sum of HK\$50,000,000 in cash
“Cayman Companies Law”	the Companies Law (2009 revision) of the Cayman Islands as amended from time to time

“Cayman Court”	the Grand Court of the Cayman Islands
“Cayman Scheme”	the proposed scheme of arrangement to be effected under Section 86 of the Cayman Companies Law, in its present form, or with or subject to modification of it, any addition to it or any condition approved or imposed by the Cayman Court
“Claim”	any debt, liability or obligation whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which include without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution which would be admissible to proof in a compulsory winding-up of a company under the Companies Ordinance
“Closing”	the completion of all the transactions under the Restructuring Agreement
“Closing Date”	the date being a business day on which Closing takes place or such other date as the Provisional Liquidators, the Company and the Investor may agree in writing
“Closing Notice”	the written notice to be given by the Provisional Liquidators to the Investor within three business days following satisfaction not waiver of the conditions precedent (unless waived by agreement) of the Restructuring Agreement
“Company”	Tack Fat Group International Limited (Provisional Liquidators Appointed), a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00928)
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“concert party(ies)”	has the same meaning ascribed to it under the Takeovers Code
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Costs Payment”	HK\$4,800,000 payable by the Investor to the Provisional Liquidators at Closing

“Creditor”	a person to whom or which the Company owes a Claim other than the Preferential Creditors
“Creditors Convertible Bonds”	the convertible bonds to be issued by the Company with principal amount of HK\$20,000,000 and tenor of one year bearing an interest rate of 2% per annum and convertible into New Shares at the option of the holders at a conversion price of HK\$0.01 per share
“Creditors Subscription Agreement”	an agreement to be entered into by New Profit, Key Winner, the Company and the Provisional Liquidators setting out the terms and conditions of the Creditors Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to approve all the relevant transactions contemplated in the Restructuring Agreement
“Escrow Agent”	Ferrier Hodgson Limited, a company incorporated in Hong Kong with limited liability
“Ever Century”	Ever Century Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director
“Exclusivity and Escrow Agreement”	the exclusivity and escrow agreement dated 12 January 2009 made between the Investor, the Provisional Liquidators and the Escrow Agent as amended pursuant to side letters dated 8 July 2009 and 8 January 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong Special Administrative Region
“Hong Kong Scheme”	the proposed scheme of arrangement to be effected under Section 166 of the Companies Ordinance, in its present form, or with or subject to modification of it, any addition to it or any condition approved or imposed by the Hong Kong Court
“Investor”	Radford Developments Limited, a company incorporated in the British Virgin Islands with limited liability

“Investor Convertible Bonds”	the convertible bonds to be issued by the Company with principal amount of HK\$100,000,000 and tenor of one year bearing no interest and convertible into New Shares at the option of the holders at a conversion price of HK\$0.01 per share
“Investor Subscription Agreement”	an agreement to be entered into by the Investor, the Company and the Provisional Liquidators setting out the terms and conditions of the Investor Convertible Bonds
“Key Winner”	Key Winner Holdings Limited, a company incorporated in Hong Kong with limited liability which is controlled by the Provisional Liquidators
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	8 October 2010, or such later date as the Investor, the Company and the Provisional Liquidators agree in writing
“New Profit”	New Profit Holdings Limited, a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company
“New Profit Agreement”	an agreement to be made between New Profit, Anway, CITIC Ka Wah Bank Limited and Swimwear for the full settlement of claims against New Profit and Anway and release of security over shares in Best Favour, an indirect non wholly owned subsidiary of the Company
“New Profit Stakeholders”	Swimwear, CITIC Ka Wah Bank Limited and Noble Group Investment Limited and any other person that may be identified during the restructuring process
“New Shares(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Offer Share(s)”	New Shares to be allotted and issued under the Open Offer, being 15,001,474,104 New Shares
“Open Offer”	the offer to each existing shareholder to subscribe for up to 339 Offer Shares for every 5 New Shares held by that shareholder after the Capital Reorganisation at a subscription price of HK\$0.01 for each New Share

“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Preferential Creditor”	any creditor of the Company with a Claim against the Company which would be treated as a preferential claim and have a priority in a winding-up commenced on 12 November 2008 in Hong Kong pursuant to Section 265 of the Companies Ordinance
“Provisional Liquidators”	Messrs Fok Hei Yu and Roderick John Sutton, the joint and several provisional liquidators of the Company, both of Ferrier Hodgson Limited
“Restructuring Agreement”	the restructuring agreement dated 26 May 2010 entered into between the Company, the Provisional Liquidators, the Investor and the Escrow Agent in respect of the restructuring of the Group
“Restructuring Proposal”	the proposal for the restructuring of the Group submitted on behalf of the Investor to the Provisional Liquidators dated 2 December 2008 as amended from time to time
“Resumption Conditions”	The conditions set out in the Stock Exchange’s letter to the Company dated 9 April 2010 for the resumption of trading in the Shares
“Schemes”	collectively the Hong Kong Scheme and the Cayman Scheme
“Scheme Administrators”	such persons who are appointed as scheme administrators or their successors pursuant to the terms of the Hong Kong Scheme or Cayman Scheme, as the case may be
“Scheme Creditors”	those Creditors whose Claims are to be dealt with under the Schemes
“Scheme Meetings”	meetings of Creditors to sanction the Schemes
“SFC”	the Securities and Futures Commission of Hong Kong established and existing under Section 3 of the SFO
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company from time to time

“Share Consolidation”	the proposed consolidation of every ten (10) issued shares of the company of HK\$0.001 each into one (1) consolidated New Share of HK\$0.01 each immediately upon the Capital Reduction becoming effective
“Shareholder(s)”	holder(s) of the share(s) of the Company from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.01 per Offer Share
“Swimwear”	Tack Fat Swimwear Manufacturing Limited, a company incorporated in Hong Kong, is a former wholly-owned subsidiary of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	an underwriting agreement to be entered into between the Company and the Investor or its nominee or such other party acting as underwriter pursuant to which the Investor or its nominee or such other party as underwriter will fully underwrite the Offer Shares not accepted by the Shareholders under the Open Offer
“Whitewash Waiver”	a waiver of the obligation of the Investor, its ultimate beneficial owner and parties acting in concert (as defined in the Takeovers Code) with any of them to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by them which may arise as a result of the transactions contemplated under the Restructuring Agreement, the Underwriting Agreement and the Investor Subscription Agreement
“Working Capital Account”	an account in the name of and controlled by the Provisional Liquidators into which the Investor has deposited HK\$10,000,000 pursuant to the Exclusivity and Escrow Agreement
“XXEZZ Assets”	the assets which are an essential part of the Group’s retail apparel business in the PRC, namely inventory, accounts receivables and fixed assets
“%”	per cent

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

“RMB” Renminbi, the lawful currency of the PRC

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 liabilities

Hong Kong, 7 June 2010

As at the date of this announcement, the Board comprises one non-executive Director, Mr. James D. McMullen and three independent non-executive Directors, Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok, Mr. Kooi Tock Chian.

The Provisional Liquidators 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, 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.