

EXECUTION VERSION

RESTRUCTURING AGREEMENT

DATED 26 MAY 2010

Between

**TACK FAT GROUP INTERNATIONAL LIMITED (PROVISIONAL LIQUIDATORS
APPOINTED)
(the Company)**

and

**RODERICK JOHN SUTTON AND FOK HEI YU
(the Provisional Liquidators)**

and

**RADFORD DEVELOPMENTS LIMITED
(the Investor)**

and

**FERRIER HODGSON LIMITED
(the Escrow Agent)**

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THIS RESTRUCTURING AGREEMENT is dated 26 May 2010 and is made between:

- (1) **TACK FAT GROUP INTERNATIONAL LIMITED** (Provisional Liquidators appointed), a company incorporated with limited liability under the laws of the Cayman Islands, the registered office of which is situated at Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman (the **Company**);
- (2) **RODERICK JOHN SUTTON AND FOK HEI YU** (in their capacity as joint and several provisional liquidators of the Company appointed by the High Court of Hong Kong) (the **Provisional Liquidators**);
- (3) **RADFORD DEVELOPMENTS LIMITED**, a company incorporated with limited liability under the laws of the British Virgin Islands whose registered office is Sea Medal House, Blackburne Highway, PO Box 116, Road Town, Tortola, British Virgin Islands (the **Investor**); and.
- (4) **FERRIER HODGSON LIMITED**, a company incorporated with limited liability under the laws of Hong Kong, the registered office of which is situated at 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong (the **Escrow Agent**).

WHEREAS

- (A) On 11 September 2008, the Provisional Liquidators were appointed jointly and severally as provisional liquidators of the Company by Order of the Hong Kong Court.
- (B) The Company has an authorised share capital of HK\$400 million divided into 4,000,000,000 Shares at HK\$0.10 each and issued and paid up capital of HK\$221,260,680 comprising 2,212,606,800 Shares.
- (C) Trading of the Shares on the Stock Exchange has been suspended since 9:30am, 30 July 2008.
- (D) On 2 December 2008, the Investor submitted a proposal to the Company proposing to acquire a controlling interest in the Company upon the terms set out in the Proposal.
- (E) The Provisional Liquidators consider that the Proposal submitted by the Investor is likely to provide Creditors with a better return than that which they would receive in a winding up of the Company.
- (F) The Parties intend to implement the Proposal on the terms and conditions set out in this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Aggregate Number means the total number of issued Shares immediately following completion of the Capital Restructuring.

Agreement means, collectively, this Agreement and its Schedules.

Anway means Anway Limited, an indirect wholly owned Subsidiary of the Company which is incorporated in the British Virgin Islands having incorporation number 1385355 and whose

registered office is situated at OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands.

Authorised Share Capital Increase means the proposed increase of the Company's authorised share capital referred to in Clause 2.1(d)

Best Favour means Best Favour Investments Limited, an indirect non-wholly owned Subsidiary of the Company which is incorporated in the British Virgin Islands having incorporation number 1388591 and whose registered office is situated at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong.

Business Transfer means the proposed transfer of the business and assets of New Profit (Luo Ding) to XXEZZ.

Capital Cancellation means the proposed cancellation of all unissued Shares referred to in Clause 2.1(a).

Capital Reduction means the proposed reduction of the par value of the issued Shares referred to in Clause 2.1(a).

Capital Restructuring means the proposed restructuring of the capital of the Company as set out in Clause 2.1.

Cash Consideration means the sum of HK\$50,000,000.

Cayman Companies Law means the Companies Law (2009 Revision) of the Cayman Islands as amended from time to time.

Cayman Court means the Grand Court of the Cayman Islands.

Cayman Scheme means the proposed scheme of arrangement between the Company and the Creditors pursuant to section 86 of the Cayman Companies Law as contemplated in Clause 4.

CITIC Ka Wah means CITIC Ka Wah Bank Limited.

Circular means the circular to be sent to Shareholders with notice of the EGM.

Claim means any debt, liability or obligation whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which includes 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 or the Cayman Companies Law.

Closing means the completion of the transactions under this Agreement in accordance with Clause 6.

Closing Date means 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 Funds means the sum of HK\$74,000,000 plus the Third Costs Payment.

Closing Notice means the written notice to be given by the Provisional Liquidators to the Investor in accordance with Clause 6.1 of this Agreement.

Companies Ordinance means the Companies Ordinance (Cap.32) of Hong Kong.

Conditions Precedent means the conditions precedent to Closing set out in Schedule 2.

Conversion Shares means the New Shares to be issued to the Investor upon conversion of the Investor Convertible Bonds and the Creditors upon conversion of the Creditors' Convertible Bonds pursuant to the terms and conditions set out therein.

Costs means the costs and expenses referred to in Clause 9.1(a) of this Agreement.

Costs Account means an account in the name of and controlled by the Provisional Liquidators in accordance with Clause 9.3.

Courts means the Cayman Court and the Hong Kong Court.

Creditor means a Person to whom or which the Company owes a Claim other than the Preferential Creditors.

Creditors' Convertible Bonds means the convertible bonds to be issued by the Company providing for payment of HK\$20,000,000 one year after the Closing Date bearing interest at the rate of 2% per annum and convertible into New Shares at a conversion price of HK\$0.01 per share, to be allocated as to five sevenths pro rata to Key Winner for the benefit of the Scheme Creditors and as to two sevenths to New Profit for the benefit of the New Profit Stakeholders.

Creditors' Subscription Agreement means an agreement, in form and substance agreed and entered into by New Profit, Key Winner, the Company and the Provisional Liquidators, setting out the terms and conditions of the Creditors' Convertible Bonds.

Effective Date means the later of the date of delivery of an office copy of an order of the Hong Kong Court sanctioning the Hong Kong Scheme to the Registrar of Companies in Hong Kong for registration and the date of delivery of an office copy of an order of the Cayman Court sanctioning the Cayman Scheme to the Registrar of Companies in the Cayman Islands.

EGM means the extraordinary general meeting of the Company to sanction the transactions contemplated by the Proposal and this Agreement.

Ever Century means Ever Century Holdings Limited, a wholly owned Subsidiary of the Company which is incorporated in the British Virgin Islands, having incorporation number 422645 and whose registered office is situated at P.O. Box 957, Offshore Incorporations Centre Road Town, Tortola, British Virgin Islands.

Exclusivity and Escrow Agreement means 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, copies of which are set out in Schedule 1.

First Costs Payment means HK\$6,400,000 which has been paid by the Investor into the Costs Account pursuant to Clause 11 of the Exclusivity and Escrow Agreement to be applied in accordance with Clause 9.2(c) of this Agreement.

Forefront means Forefront Finance Co Limited a company incorporated in Hong Kong with limited liability.

General Mandate means a general mandate to the directors of the Company to exercise all the powers of the Company to allot, issue and dispose of New Shares and to make or grant offers, agreements and options which would or might require the exercise of such power up to a maximum aggregate nominal value of 20 per cent of the issued share capital of the Company immediately after Closing, the terms of which are to be substantially similar to the annual general mandates to issue new shares normally granted to directors of a company listed on the Stock Exchange at its annual general meeting.

Group means the Company and its Subsidiaries prior to the Closing Date.

Hansom means Hansom Finance Limited a company incorporated in Hong Kong with limited liability.

HK\$ means Hong Kong dollars, the lawful currency for the time being of Hong Kong.

Hong Kong means the Hong Kong Special Administrative Region of the PRC.

Hong Kong Court means the High Court of Hong Kong.

Hong Kong Scheme means the proposed scheme of arrangement between the Company and the Creditors under section 166 of the Companies Ordinance as contemplated under Clause 4.

Interim Working Capital means the aggregate amount of HK\$10,000,000 which has been advanced by the Investor as a loan pursuant to Clause 7 of the Exclusivity and Escrow Agreement to enable the Provisional Liquidators to meet the working capital requirements of the Group up to the earlier of the Closing Date or termination of this Agreement in accordance with Clause 13, which shall be set-off against the amount payable by the Investor on the Closing Date in connection with the Investor's subscription of the Investor Convertible Bonds or (as the case may be) repaid upon termination of this Agreement in accordance with Clause 13.

Investor Convertible Bonds means the convertible bonds to be issued to the Investor providing for payment of HK\$100,000,000 three years after the Closing Date bearing no interest and convertible into New Shares at the option of the Investor at a conversion price of HK\$0.01 per share.

Investor's Subscription Agreement means an agreement, in such form and substance to be agreed and entered into by the Investor, the Company and the Provisional Liquidators, setting out the terms and conditions of the Investor Convertible Bonds.

Key Winner means Key Winner Holdings Limited, a company established by the Provisional Liquidators for the benefit of the Creditors, which is incorporated under the laws of Hong Kong with limited liability (company number 1325732) whose registered office is at 14th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

Listing Rules means the Rules Governing the Listing of Securities on the Stock Exchange.

Long Stop Date means 8 October 2010 or such later date as the Investor, the Company and the Provisional Liquidators may agree in writing.

New Profit means New Profit Holdings Limited, an indirect non-wholly owned Subsidiary of the Company which is incorporated with limited liability under the laws of Hong Kong, the registered

office of which is situated at 14th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

New Profit Agreement means an agreement between New Profit, Anway, CITIC Ka Wah and Swimwear pursuant to which Swimwear agrees to accept certain consideration in full settlement of its Claims against New Profit; and CITIC Ka Wah agrees to accept certain consideration in full settlement of its Claims against Anway and to release its security over shares in Best Favour.

New Profit Stakeholders means Swimwear, CITIC Ka Wah and Noble and any other Person that may be identified during the restructuring process.

New Profit (Luo Ding) means New Profit Garment (Luo Ding) Co., Ltd, an indirect non-wholly owned Subsidiary of the Company which is established under the laws of the PRC with its registered office at 8th Floor to 10th Floor, Garment Building, Luo Ding Hua Tian Long Garment Limited, 49 Xing Hua Yi Lu, Luo Ding Shi, Yunfu, Guangdong Province, PRC.

New Shares means the ordinary shares of the Company after implementation of the Capital Restructuring, having a par value of HK\$0.01 each.

Noble means Noble Group Investment Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, the registered office of which is situated at OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands.

Offer Shares means the New Shares to be issued and allotted to the Shareholders under the Open Offer.

Open Offer means an 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 Restructuring at HK\$0.01 for each New Share.

Party means a party to this Agreement and its successors and permitted assigns.

Person means an individual, partnership, company, body corporate, joint stock company, trust, unincorporated association or body of persons (including a partnership or consortium), joint venture or other entity, or a government or any political subdivision or agency thereof.

Petition means the petition to wind-up the Company filed by the Company in the Hong Kong Court with Companies (Winding-Up) Proceeding No. 418 of 2008.

Post-Closing Group means the Company and its Subsidiaries after the Closing Date and set out in Schedule 3 to this Agreement.

Proposal means 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.

PRC means the People's Republic of China.

Preferential Creditor means any creditor of the Company with a Claim against the Company which would be treated as a preferential claim and have priority in a winding-up commenced on 12th November, 2008 in Hong Kong pursuant to section 265 of the Companies Ordinance or would have priority in the Cayman Islands pursuant to Section 162 of the Cayman Companies Law .

Resumption Approval means an approval by the Stock Exchange for the resumption of trading of the Shares and the trading of the New Shares.

Schemes means the Hong Kong Scheme and the Cayman Scheme.

Scheme Administrators means such Persons who are appointed as scheme administrators pursuant to the terms of the Schemes.

Scheme Creditors means those Creditors whose Claims are to be dealt with under the Schemes.

Scheme Document means the document to be sent to the Creditors with the approval of the Courts which includes, inter alia, an explanatory statement of the Schemes.

Scheme Meetings means the meetings of the Creditors to sanction the Schemes.

Second Costs Payment means the amount of HK\$4,800,000 paid by the Investor into the Costs Account following receipt from the Stock Exchange of conditional approval for the resumption of trading of the Shares, to be applied in accordance with Clause 9.2(c).

SFC means the Securities and Futures Commission of Hong Kong established and existing under section 3 of the Securities and Futures Ordinance (Cap 571) of Hong Kong.

Share Consolidation means the proposed consolidation of each issued Share referred to in Clause 2.1(c).

Shareholder means a Person registered as holders of Shares in the register of members of the Company immediately prior to Closing.

Shares means all of the ordinary shares of the Company, whether issued or unissued.

Signing Date means the date upon which all the Parties have signed this Agreement.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Subscription Agreements means the Investor's Subscription Agreement and the Creditors' Subscription Agreement together.

Subsidiary means in relation to any Person at any time:

- (i) any company, body corporate or joint stock company of which more than fifty (50) per cent. of the issued and outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of that corporation shall or might have voting power upon the occurrence of any contingency);
- (ii) any partnership or joint venture of which more than fifty (50) per cent. of the interest in the capital or profit of such partnership or joint venture; or
- (iii) any trust or estate of which more than fifty (50) per cent. of the beneficial interest in such trust or estate,

is at the time directly or indirectly owned or controlled by that Person, by that Person and one or more of its other Subsidiaries or by one or more of that Person's other Subsidiaries.

Swimwear means Tack Fat Swimwear Manufacturing Limited, a former wholly owned Subsidiary of the Company which is incorporated in Hong Kong and whose registered office is at 14th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

Takeovers Code means the Hong Kong Code on Takeovers and Mergers approved by the SFC and as amended from time to time.

Third Costs Payment means the amount of HK\$4,800,000 payable by the Investor with and as part of the Closing Funds.

Underwriter means the Investor, its nominee or such other party procured by the Investor.

Underwriting Agreement means the 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 means 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 as a result of the transactions contemplated under this Agreement, any underwriting agreement to be entered into in connection with the Open Offer and the Investor's Subscription Agreement.

XXEZZ means Shenzhen XXEZZ Clothing Company Limited, a company with Chinese name 深圳阿瑟斯服装有限公司, being an indirect Subsidiary of the Company which is established under the laws of the PRC with its registered office at Room 1013 and 1015, Tower B, Tai Ping Yang Shang Mao Da Xia, Jia Bin Lu, Luo Hu Qu, Shenzhen, Guangdong Province, PRC.

Working Capital Account means an account in the name of and controlled by the Escrow Agent into which the Investor has deposited the Interim Working Capital.

XXEZZ Assets means the assets formerly held by New Profit (Luo Ding) and transferred to XXEZZ as a result of the Business Transfer which relate to and are an essential part of the business of XXEZZ.

1.2 Construction

- (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
 - (ii) this Agreement or another agreement or document is a reference to this Agreement or that agreement or document as varied, novated or supplemented from time to time;
 - (iii) a Person is a reference to or includes its successors and assigns;
 - (iv) words importing the singular shall include the plural and vice versa;
 - (v) "assets" includes present and future properties, revenue and rights of every description; and
 - (vi) "indebtedness" means any obligation for the payment of money, whether as principal or surety and whether present or future, actual or contingent.

- (b) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.
- (c) The Schedules and the Recitals form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement.

2. CAPITAL RESTRUCTURING

- 2.1 Subject to Clause 7, the Company will use reasonable endeavours to restructure the Company's existing share capital so that:
 - (a) the par value of every issued Share will be reduced from HK\$0.10 to HK\$0.001 and all unissued Shares will be cancelled resulting in the existing paid up capital of the Company being reduced from approximately HK\$221,000,000 to HK\$2,000,000;
 - (b) the credit generated from the Capital Reduction and Capital Cancellation for approximately HK\$219,000,000 will be applied in a manner consistent with the Cayman Companies Law, including but not limited to setting off part of the accumulated losses of the Company of approximately HK\$2,098,962,000 as at 31 March 2009;
 - (c) each ten issued Shares of par value HK\$0.001 as reduced pursuant to Clause 2.1(a) will be consolidated into one New Share of par value HK\$0.01 resulting in 2,212,606,800 issued Shares being consolidated into 221,260,680 issued New Shares; and
 - (d) following the Capital Reduction and Share Consolidation the Company's authorised share capital will be increased to HK\$500,000,000 divided into 50,000,000,000 New Shares.
- 2.2 The Company and the Provisional Liquidators will cooperate to procure that an EGM be convened at which the Capital Reduction, Capital Cancellation, Share Consolidation and Authorised Share Capital Increase will be approved by Shareholders' resolution and implemented in accordance with Cayman Companies Law, with the sanction of the Cayman Court.
- 2.3 The Capital Restructuring assumes an Aggregate Number of 212,260,800. If in the reasonable opinion of the Investor, the Provisional Liquidators and the Company the Aggregate Number is likely to be greater or less than 212,260,800, the Company shall procure the implementation of a capital restructuring which, as far as reasonably practicable, has a similar purpose and effect to the Capital Restructuring.

3. SUBSCRIPTION AND OPEN OFFER

- 3.1 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 on and subject to the terms of this Agreement, the Investor's Subscription Agreement and the memorandum and articles of association of the Company.
- 3.2 Payment of the following amounts shall be treated as payment of the equivalent amounts of the Investor's payment obligations under the Investor's Subscription Agreement:
 - (a) the Closing Funds;
 - (b) the First Costs Payment and the Second Costs Payment; and
 - (c) the Interim Working Capital.

- 3.3 The Company will take such steps as are necessary to implement an Open Offer of New Shares to be issued at Closing to raise the amount of HK\$150,000,000.
- 3.4 As soon as practicable after the date of this Agreement the Investor or its nominee must enter into, or procure an underwriter to enter into, the Underwriting Agreement pursuant to which the Open Offer will be fully underwritten.
- 3.5 The Conversion Shares and the Offer Shares will rank pari passu with all New Shares then in issue and free from all Claims or other third party rights and with all rights and benefits attached thereto.
- 3.6 The Company agrees that:
- (a) it will use reasonable endeavours to procure that all the Conversion Shares are admitted to listing and approval for the same is obtained prior to the exercise by the Investor or any Creditor of its right of conversion under the Investor Convertible Bonds and the Creditors' Convertible Bonds;
 - (b) it will use reasonable endeavours to procure that all the Offer Shares are admitted to listing and approval for the same is obtained prior to the allotment of the Offer Shares under the Open Offer; and
 - (c) it will use reasonable endeavours to assist and facilitate the preparation of the application for the Whitewash Waiver by the Investor.

4. DEBT RESTRUCTURING

4.1 The Schemes

- (a) Subject to Clause 7, 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:
 - (i) all Claims against the Company will be compromised, discharged and/or settled;
 - (ii) the Scheme Creditors will receive a pro rata distribution of five sevenths of the Creditors' Convertible Bonds; and
 - (iii) the Company will transfer or procure the transfer of:
 - (A) five sevenths of the Cash Consideration;
 - (B) any cash held by or for the account of the Company at Closing; and
 - (C) all rights, title and interest in the companies transferred to Key Winner by Ever Century on or about 29 May 2009, and any assets transferred pursuant to Clause 4.1(c)(i).

to the Scheme Administrators for distribution to the Scheme Creditors.
- (b) The Scheme Administrators and the Company must procure that two sevenths of the Cash Consideration and two sevenths of the Creditors' Convertible Bonds are transferred on Closing or as soon as practicable after Closing to New Profit for the benefit of the New Profit Stakeholders.
- (c) The Schemes shall include the following terms:

- (i) the Company shall transfer all assets of the Company other than the XXEZZ Assets with effect from the Closing Date to Key Winner 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 this Agreement, the Creditors' Subscription Agreement and the memorandum and articles of association of the Company; and
- (iii) without limiting the generality of subclause (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 other advisors.

4.2 Sanction of the Schemes

- (a) The Company will use its reasonable endeavours to:
 - (i) take all necessary steps required to be taken by the Company to give effect to the Schemes; and
 - (ii) procure that the Schemes are implemented on the terms set out in this Agreement and the Scheme Document.
- (b) As soon as practicable after the Schemes have been approved by Creditors and conditional on receipt by the Provisional Liquidators of confirmation satisfactory to them that the Investor is able to make the Closing Funds payment on Closing, the Company shall apply to the Hong Kong Court and the Cayman Court for sanction of the Schemes and obtain hearing dates.
- (c) The Investor shall appear by counsel at the hearings of the applications to sanction the Schemes at its own expense and undertake to the Hong Kong Court and the Cayman Court to be bound by the terms of the Schemes and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary for the purpose of giving effect to the Schemes.
- (d) Following sanction of the Schemes by the Hong Kong Court and the Cayman Court, the Company will deliver office copies of the orders sanctioning the Hong Kong Scheme to the Registrar of Companies in Hong Kong and the Cayman Scheme to the Registrar of Companies in the Cayman Islands as soon as practicable after all Conditions Precedent have been satisfied or waived or if the Provisional Liquidators form the opinion that the Conditions Precedent will be satisfied or waived by the date which is expected to be the Closing Date.

4.3 The Provisional Liquidators shall use reasonable endeavours to procure:

- (a) the execution of the New Profit Agreement; and
- (b) that the whole of the distribution to New Profit referred to in Clause 4.1(b) above shall be made in accordance with the New Profit Settlement Agreement.

4.4 The Company and the Investor shall co-operate with the Provisional Liquidators to prepare the Scheme Document and the Circular.

4.5 The Company undertakes that from the date of this Agreement and until the Effective Date, it will not create, allot or issue any Shares, option or right to subscribe in respect of any share capital of any member of the Post-Closing Group (other than the New Shares to be issued pursuant to the terms of this Agreement or any other arrangements contemplated under this Agreement or the Scheme Document).

5. CONDITIONS PRECEDENT

5.1 Closing is conditional on satisfaction of each of the Conditions Precedent (unless waived by agreement in writing of the Investor and the Provisional Liquidators).

5.2 The Parties shall use their best endeavours and shall co-operate so far as practicable and necessary to procure the satisfaction of the Conditions Precedent.

5.3 The Conditions Precedent will be deemed as satisfied for the purposes of this Agreement if and when:

- (a) certified copies of the relevant document(s) set out or referred to in Schedule 2 have been delivered by the Party which is responsible for the satisfaction of the relevant Condition Precedent to the other Parties; and
- (b) each such document is or remains current, complete and in full force and effect and no authorisation, consent or opinion referred to in Schedule 2 has been varied or rescinded.

5.4 The Parties will keep each other promptly informed of all material developments in relation to the implementation of the Proposal and the satisfaction of the Conditions Precedent. In the event of any such development which will or may result in a material delay in the implementation of the Proposal, the Parties will consult with each other in good faith with a view to agreeing such amendment(s), to the extent practicable, to this Agreement as is necessary to obtain the benefits described under this Agreement.

6. CLOSING

6.1 Within three Business Days following satisfaction of the Conditions Precedent (unless waived by agreement in writing of the Investor and the Provisional Liquidators), the Provisional Liquidators shall issue the Closing Notice to the Investor and the Company.

6.2 Closing shall take place at the offices of the Provisional Liquidators within five Business Days after the Closing Notice has been issued by the Provisional Liquidators or at such other time to be agreed by the Parties at which:

- (a) the Company shall issue and deliver, unless previously provided:
 - (i) the Investor Convertible Bonds to the Investor (or as the Investor may direct);
 - (ii) five sevenths of the Creditors' Convertible Bonds to Key Winner and two sevenths of the Creditors' Convertible Bonds to New Profit (or as the Provisional Liquidators may direct);
 - (iii) a written confirmation to the Investor that the amounts to be paid by the Investor for subscription of the Investor Convertible Bonds have been received in full;

- (iv) a copy of the approval from the Stock Exchange for the listing of, and permission to deal in the New Shares, the Conversion Shares and the Offer Shares to the Provisional Liquidators and the Investor;
 - (v) a certified copy of the order of the Hong Kong Court sanctioning the Hong Kong Scheme filed with the Registrar of Companies in Hong Kong to the Provisional Liquidators, the Scheme Administrators and the Investor;
 - (vi) a certified copy of the order of the Cayman Court sanctioning the Cayman Scheme filed with the Registrar of Companies in the Cayman Islands to the Provisional Liquidators, the Scheme Administrators and the Investor;
 - (vii) a certified copy of the order of the Cayman Court sanctioning the Capital Restructuring filed with the Registrar of Companies in the Cayman Islands to the Provisional Liquidators and the Investor;
 - (viii) where applicable, all the statutory and other books and records (including its financial records), certificates of incorporation, all copies of the memorandum and articles of association or equivalent constitutional documents and common seals of each member of the Post-Closing Group and all other relevant documents available to the Provisional Liquidators; and
 - (ix) where applicable, a copy of the board resolution(s) of each member of the Post Closing Group giving approval to that member for the opening of new bank accounts and authorised signatories in connection with bank mandates in accordance with that member's board of directors' instructions.
 - (x) to Key Winner such documents as may be necessary to give effect to the transfers and assignments required pursuant to Clause 4.1(c).
- (b) the Provisional Liquidators shall transfer to the Scheme Administrators or as they may direct any cash held by or for the account of the Company at Closing less any cash to be applied in satisfaction of Costs.
- (c) the Investor shall deliver or transfer or cause to be delivered or transferred, unless previously provided:
- (i) the sum of HK\$24,000,000 out of the Closing Funds to the Company for working capital purposes;
 - (ii) the Third Costs Payment to the Provisional Liquidators;
 - (iii) five sevenths of the Cash Consideration to the Scheme Administrators;
 - (iv) two sevenths of the Cash Consideration to New Profit (or as the Provisional Liquidators may direct);
 - (v) a copy of the letter from the Investor or any of its advisors, to the executive director of the Corporate Finance Division of the SFC or his delegate applying for the Whitewash Waiver to the Company and the Provisional Liquidators; and
 - (vi) a certified copy of the approval letter from the SFC approving the Whitewash Waiver to the Company and the Provisional Liquidators.

7. ALTERNATIVE STRUCTURES

In the event that any of the structures or transactions proposed in Clauses 2 to 6 are found to be legally or practically unworkable or not approved by the Stock Exchange, 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 Proposal so that the Parties may obtain the benefits described in this Agreement.

8. INVESTOR'S UNDERTAKINGS

- 8.1 If requested by the Stock Exchange, the Investor agrees to undertake to the Stock Exchange that for a period of twelve (12) calendar months after the Closing Date it will make financial accommodation 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.
- 8.2 If requested by the Stock Exchange, the Investor agrees to undertake to the Stock Exchange that it will, as soon as practicable after Closing take the 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 twenty five (25) per cent of the Company's entire issued share capital is held by the public in compliance with the Listing Rules.
- 8.3 If requested by the Stock Exchange, the Investor agrees to undertake to the Stock Exchange 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.
- 8.4 If requested by the Stock Exchange, the Investor undertakes that the conversion rights of the Investor Convertible Bonds will not be exercised and that the Company will not issue Conversion Shares pursuant to the conversion rights of the Investor Convertible Bonds if the exercise or issue of Conversion Shares would result in less than twenty-five (25) per cent. of the Company's entire issued share capital being held by the public in compliance with the Listing Rules.

9. COSTS

9.1 Investor to pay costs and expenses of restructuring

- (a) The Investor agrees and undertakes to the Provisional Liquidators, subject to Clause 9.1(b), that it will pay the costs and expenses of implementing the Proposal including, but not limited to:
- (i) the costs and expenses of the Provisional Liquidators, the Escrow Agent, the Company and their legal and other advisers' fees (including without limitation the fees of any financial advisers appointed by the Company and any barrister(s) engaged in connection with the Schemes) incurred in the preparation, negotiation, execution and implementation of this Agreement, the Creditors' Subscription Agreement, the Investor's Subscription Agreement, the Creditors' Convertible Bonds, the Investor Convertible Bonds, the Open Offer, the Underwriting Agreement, the New Profit Agreement, any other documents related to or which give effect to the Proposal and the transactions contemplated thereunder including, without limitation dealing with any opposition from any Shareholder or Creditor to the transactions contemplated under this Agreement;

- (ii) costs and expenses incurred in connection with preparation, clearance, obtaining of the Courts sanction, the printing and distribution of the Scheme Document and Circular;
 - (iii) costs and expenses incurred in connection with obtaining approvals and/or waivers from the relevant governmental and regulatory authorities for the transactions contemplated in this Agreement, the Creditors' Subscription Agreement, the Investor's Subscription Agreement, the Creditors' Convertible Bonds, the Investor Convertible Bonds, the Open Offer, the Underwriting Agreement, the New Profit Agreement, any other documents related to or which give effect to the Proposal and the transactions contemplated thereunder;
 - (iv) costs and expenses incurred in respect of any public announcement which the Stock Exchange or the SFC may require in respect of the Proposal from time to time;
 - (v) fees of the independent financial adviser to the Shareholders appointed by the Company; and
 - (vi) any other costs and expenses that may be necessarily incurred in order to implement the transactions contemplated under this Agreement.
- (b) Subject to Clause 9.1(c), it is agreed that the Investor's liability under Clause 9.1(a) will be limited to HK\$16,000,000, or such other amount as agreed in writing between the Investor and the Provisional Liquidators.
 - (c) The Investor agrees that if any Person contests the Schemes or the Capital Restructuring the Investor shall pay on first written demand by the Provisional Liquidators the reasonable costs of counsel instructed by the Company and/or the Provisional Liquidators to appear on the Company's and/or the Provisional Liquidators' behalf at any necessary court hearings up to a maximum of HK\$1,000,000.
 - (d) Each Party will bear their own costs in respect of any stamp duty, taxes or other government or regulatory charges or levies in connection with the Proposal.

9.2 Costs Deposits

- (a) It is acknowledged that the First Costs Payment was paid by the Investor for deposit into the Costs Account prior to the Signing Date pursuant to clause 11 of the Exclusivity and Escrow Agreement and that the Second Costs Payment was paid by the Investor for deposit into the Costs Account following receipt from the Stock Exchange of conditional approval for the resumption of trading of the Shares; and the Investor shall pay the Third Costs Payment on the Closing Date.
- (b) For the avoidance of doubt, it is further acknowledged by the Parties that:
 - (i) the payment obligation of the Investor under Clause 3.2(b) and Clause 3.2(c) has been satisfied in full by the Investor; and
 - (ii) upon full payment of the Closing Funds by the Investor pursuant to Clause 6.2(c), the payment obligation of the Investor under Clause 3.2(a) and under the Investor Subscription Agreement will be deemed to be satisfied.
- (c) The First and Second Costs Payments:

- (i) will be held by the Provisional Liquidators in the Costs Account and will be used only for the purpose of payment of Costs;
 - (ii) are non-refundable; and
 - (iii) may be utilised by the Provisional Liquidators as and when required by the Provisional Liquidators to pay Costs.
- (d) In the event of termination of this Agreement in accordance with Clause 13, the Investor shall be a Creditor of the Company in respect of any Costs paid by the Investor to the Company as at the date of termination.

9.3 Costs Account

All sums of money from time to time that may now be or subsequently are standing to the credit of the Costs Account may be utilised by the Provisional Liquidators to pay Costs in their sole discretion up to the earlier of the Closing Date and the termination of this Agreement in accordance with Clause 13.

10. INTERIM WORKING CAPITAL

10.1 The Provisional Liquidators shall hold the Interim Working Capital in the Working Capital Account to be used pending Closing or termination of this Agreement solely for the purpose of funding the working capital needs of the XXEZZ Assets.

10.2 The Parties agree that:

- (a) any amounts standing to the credit of the Working Capital Account on termination of this Agreement pursuant to Clause 13 will be paid by the Provisional Liquidators to the Investor; and
- (b) any amounts standing to the credit of the Working Capital Account at the Closing Date will be paid by the Provisional Liquidators to the Company on the Closing Date.

10.3 For the avoidance of doubt, it is acknowledged by the Parties that:

- (a) the Interim Working Capital was advanced by the Investor to the Company as a loan on the terms of and subject to the conditions set out in the Exclusivity and Escrow Agreement and the payment obligation of the Investor under Clause 3.2(c) has been satisfied in full; and
- (b) in the event of termination of this Agreement in accordance with Clause 13, the Investor shall be a Creditor of the Company in respect of any portion of the Interim Working Capital that has not been repaid by the Company as at the date of termination.

11. GROUP REORGANISATION

The Provisional Liquidators will use reasonable endeavours to take all necessary steps to transfer the XXEZZ trademark to the Group before Closing and any other steps as are necessary to procure that on Closing the Post-Closing Group's only assets are the XXEZZ Assets.

12. FURTHER ASSURANCE

12.1 The Parties will cooperate with each other in good faith to take such steps as may be reasonably necessary to implement the transactions contemplated by this Agreement.

- 12.2 The Investor undertakes to provide to the Provisional Liquidators such reasonable assistance as they may reasonably request in relation to the transactions contemplated by this Agreement, including without limitation the provision of information to assist the Provisional Liquidators and/or the Company in obtaining Resumption Approval.
- 12.3 The Provisional Liquidators will provide to the Investor such information related to the XXEZZ Assets as the Investor may reasonably request from time to time.

13. TERMINATION

13.1 Termination by Provisional Liquidators

- (a) The Provisional Liquidators may terminate this Agreement on written notice to the Investor if the Investor:
- (i) breaches or defaults in any of its obligations under this Agreement or fails to comply fully with such obligations; and
 - (ii) 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.
- (b) If this Agreement is terminated in accordance with Clause 13.1(a):
- (i) all Creditors' Claims against the Company together with interest shall continue to remain due and payable by the Company; and
 - (ii) the Provisional Liquidators will be entitled to retain all amounts standing to the credit of the Costs Account.

13.2 Termination by the Investor

- (a) The Investor shall be entitled to terminate this 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 this Agreement or failing to comply fully with its obligations under this Agreement.
- (b) If this Agreement is terminated in accordance with Clause 13.2(a):
- (i) all Creditors' Claims against the Company together with interest shall continue to remain due and payable by the Company; and
 - (ii) 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 Costs.

13.3 Automatic Termination

- (a) Subject to Clause 13.3(b), unless the Provisional Liquidators and the Investor shall otherwise agree, this 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 or the Cayman Court to wind-up the Company; or
 - (iii) the Provisional Liquidators and the Investor agree in writing that this Agreement shall be terminated.
- (b) This Agreement shall not be terminated automatically pursuant to Clause 13.3(a) if at the time of the occurrence of any event set out in paragraphs (i) to (iii) of Clause 13.3(a) the Investor is in breach of or has defaulted in any of its obligations under this Agreement or has failed to comply fully with such obligations and such breach, default or non-compliance has not been rectified before the occurrence of such event and shall be deemed to have been terminated by the Provisional Liquidators pursuant to Clause 13.1(a) immediately prior to the occurrence of such event.
- (c) If this Agreement is terminated in accordance with Clause 13.3(a):
- (i) all Creditors' Claims against the Company together with interest shall continue to remain due and payable by the Company; and
 - (ii) 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 Costs.

14. PROVISIONAL LIQUIDATORS

Each Party to this Agreement acknowledges and agrees that:

- (a) the Provisional Liquidators are Parties to this Agreement solely for the purpose of obtaining the benefit of each provision of this Agreement in their favour;
- (b) the Provisional Liquidators act as agents of the Company and shall incur no personal liability from acting in the capacity of agents or otherwise, nor shall any claim arise against any of them save and except the Provisional Liquidators' obligation to transfer to the Investor (if applicable) all amounts in the Costs Account and the Working Capital Account pursuant to Clause 13.2(b) and 13.2(c).
- (c) the Provisional Liquidators, Ferrier Hodgson Limited and their employers, employees, solicitors, advisers, valuers, agents, partners or representatives do not have any personal liability of any kind under, or by virtue of, this Agreement, nor in relation to any related matter or claim, whether in contract, tort or restitution or by reference to any other remedy or right, in any jurisdiction or forum in respect of any of the transactions contemplated in this Agreement;
- (d) the Investor is not relying on any representation, conduct, statement or silence on the part of the Provisional Liquidators or any of their employees, solicitors, advisers, valuers, agents, partners or representatives in relation to any matter or circumstance and whether or not arising out of or under this Agreement or any of the transactions contemplated by this Agreement; and
- (e) all acknowledgements or agreements as to, or provisions of, exclusions of liability or indemnity in favour of the Provisional Liquidators shall continue to be effective notwithstanding the Provisional Liquidators resigning from or otherwise ceasing to hold office and (where the context permits) shall mean and include their present and future firm or firms, partners and employees, and any legal entity or partnership using in its name the

words, any successor or merged firm and the partners, shareholders, officers and employees of the entity or partnership.

15. EXCLUSIVITY AND ESCROW AGREEMENT

The parties hereby agree that the Exclusivity and Escrow Agreement will continue in full force and effect except to the extent that any of its terms are inconsistent with the terms of this Agreement in which case this Agreement will prevail, until the earlier of:

- (a) the Closing Date; or
- (b) termination of this Agreement in accordance with Clause 13.

16. MISCELLANEOUS

16.1 Whole Agreement

- (a) This Agreement contains the whole agreement between the Parties relating to the transactions contemplated by this Agreement and supersedes all previous agreements between the Parties relating to these transactions (for the avoidance of doubt, including, without limitation, the Proposal) except the Exclusivity and Escrow Agreement (subject to Clause 15).
- (b) Each Party acknowledges that in entering into this Agreement it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement) made by or on behalf of any other party before the Signing Date. Each Party waives all rights and remedies which, but for this sub-clause, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

16.2 Severability

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of this Agreement.

16.3 Assignment

This Agreement is not assignable.

16.4 Time

Time shall be of the essence in this Agreement both as regards dates and periods specifically mentioned and as to any dates and period which may, by agreement in writing between the Parties hereto, replace such dates and period.

16.5 Shareholders' Resolutions

- (a) The Investor has requested, and the Company has agreed, that a resolution for the General Mandate will be put to a meeting of the Shareholders prior to the Closing Date.

- (b) The Investor agrees that the passing of the resolution for the General Mandate is not a condition precedent to the implementation of the Proposal.

17. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

18. NOTICES

- 18.1 All notices or other communications under or in connection with this Agreement shall be given in writing or by facsimile. Any such notice will be deemed to be given as follows:

- (a) if in writing, when delivered; or
- (b) if by facsimile, when received,

however, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

- 18.2 The address and facsimile number of the Company, the Investor, the Escrow Agent and the Provisional Liquidators are:

- (a) The Company

c/o Ferrier Hodgson Limited
14/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

Facsimile: (852) 2521 7632
Attention: Fok Hei Yu and Roderick John Sutton

and to

Century Yard, Cricket Square
Hutchins Drive
George Town
Grand Cayman

- (b) The Investor

Radford Developments Limited
31/F, China United Centre
28 Marble Road
Northpoint
Hong Kong

Facsimile: (852) 2563 1725
Attention: Chuang Eugene Yue-Chien

(c) The Provisional Liquidators

c/o Ferrier Hodgson Limited
14/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

Facsimile: (852) 2521 7632
Attention: Fok Hei Yu and Roderick John Sutton

(d) The Escrow Agent

c/o Ferrier Hodgson Limited
14/F, The Hong Kong Club Building
3A Chater Road
Hong Kong

Facsimile: (852) 2521 7632
Attention: Fok Hei Yu and Roderick John Sutton

or such other address or facsimile number as the relevant Party may notify to the other Parties by not less than five (5) Business Days' notice.

19. LANGUAGE

19.1 Any notice given under or in connection with this Agreement shall be in English.

19.2 All other documents provided under or in connection with this Agreement shall be:

(a) in English; or

(b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

20. GOVERNING LAW AND JURISDICTION

20.1 This Agreement is governed by Hong Kong law.

20.2 The Parties irrevocably and unconditionally submit to the exclusive jurisdiction of the Hong Kong Court.

20.3 All proceedings arising out of or in connection with this Agreement shall be issued in Hong Kong.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
EXCLUSIVITY AND ESCROW AGREEMENT

CONFORMED COPY

EXCLUSIVITY AND ESCROW AGREEMENT

RADFORD DEVELOPMENTS LIMITED

**TACK FAT GROUP INTERNATIONAL LIMITED (PROVISIONAL LIQUIDATORS
APPOINTED)**

And

FERRIER HODGSON LIMITED

12 January 2009

CONFORMED COPY

This Agreement is made on 12 January 2009

Parties

- (A) Radford Developments Limited, a company incorporated in the British Virgin Islands and whose registered office is Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola, British Virgin Islands ("**Investor**");
- (B) Roderick John Sutton and Fok Hei Yu in their capacity as Joint and Several Provisional Liquidators ("**Provisional Liquidators**") of Tack Fat Group International Limited, a company incorporated in the Cayman Islands whose registered office is situated at Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Cayman ("**Company**"); and
- (C) Ferrier Hodgson Limited of 14/F Hong Kong Club Building, 3A Chater Road, Central, Hong Kong ("**Escrow Agent**").

Background

1. The investor has submitted a proposal for the restructuring of the company and certain subsidiaries and its associated companies ("**Group**") to the provisional liquidators ("**Restructuring Proposal**"). the principal draft terms of the restructuring proposal are set out in a memorandum that appears as schedule 1 to this agreement and is provided for information purposes only.
2. The Provisional Liquidators have not formally accepted the Restructuring Proposal but consider that the Restructuring Proposal is their preferred proposal and have agreed to grant the Investor exclusivity, on the terms set out in this Agreement, while they and their advisers negotiate in good faith a legally binding agreement for the implementation of the Restructuring Proposal ("**Restructuring Agreement**") with the Investor and its advisers (a preliminary draft of which will be delivered to the Investor by the Provisional Liquidators as soon as practicable and in any event within 10 calendar days after the Effective Date, as defined below).
3. The Investor acknowledges and agrees that the Provisional Liquidators may initiate or continue negotiations in respect only of the sale or restructuring of the Company's subsidiaries and associated companies which do not form part of its Restructuring Proposal (**Non-Core Subsidiaries**).

Conditions Precedent

4. Save for Clauses 16, 17, 18 and 19 which shall be effective on the signing of this agreement, this agreement shall be effective only on and from the date ("**Effective Date**") on which the Provisional Liquidators have received confirmation from the Escrow Agent of the receipt by it (in cleared funds) of the First Tranche of the Working Capital Loan referred to in paragraph 7.

Exclusivity

5. From the Effective Date until the date on which this agreement terminates in accordance with paragraph 16 of this agreement ("**Termination Date**"), 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 ("**Exclusivity Period**"), save for those solely in respect of the Non-Core Subsidiaries.

Alternative Structures

6. 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

7. The Investor will pay the sum of HK\$10,000,000.00 to the Escrow Agent as a loan to the Company to enable the Group to meet its working capital requirements during the Exclusivity Period ("**Working Capital Loan**"), such payment to be made in two tranches. The first tranche will be in the sum of HK\$3,000,000.00 ("**First Tranche**") and the second in the sum of HK\$7,000,000.00 ("**Second Tranche**").
8. The Investor will pay the Working Capital Loan by either telegraphic transfer into the Escrow Agent's client account or delivery of a banker's draft payable to the Escrow Agent in the amount of the First Tranche or Second Tranche (as the case may be).
9. 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.
10. 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 date of this agreement ("**Existing Debts**") 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.

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Fee Contribution

11. The Investor will pay the total sum of HK\$6,400,000.00 to the Escrow Agent as an initial contribution toward the Provisional Liquidators' and their advisers' costs and expenses incurred in relation to the implementation of the Restructuring Proposal ("**Fee Contribution**").
12. The Investor will pay the Fee Contribution by either telegraphic transfer into the Escrow Agent's client account or delivery of a banker's draft payable to the Escrow Agent in the amount of HK\$6,400,000.00.
13. The Escrow Agent will release upon request by the Provisional Liquidators such amounts of the Fee Contribution as required to pay such costs and expenses the Provisional Liquidators have incurred in relation to implementation of the Restructuring Proposal (including the Provisional Liquidators' own costs).
14. On the Termination Date (as defined below), other than the date on which a Restructuring Agreement is entered into by the Investor (or its nominee) and the Provisional Liquidators, the Provisional Liquidators will instruct the Escrow Agent to pay the balance of the Fee Contribution (if any) to the Company to form part of the assets available for the distribution to the Company's creditors.
15. The Investor acknowledges and agrees that the Fee Contribution is not refundable in any circumstance.

Termination

16. This agreement shall terminate and be of no further effect if the Effective Date has not occurred by 12 January 2009, or following the Effective Date on the occurrence of the earliest of :
 - (a) if the Investor has failed to pay the Second Tranche of the Working Capital Loan (as referred to in paragraph 7) and the Fee Contribution by midnight, 22 January 2009;
 - (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 this 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.

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Confidentiality

17. No party shall reveal or otherwise announce the Restructuring Proposal or the negotiations or discussions taking place between the parties, or the status thereof, except as required by law, or otherwise with the consent of the other parties to this agreement.

Provisional Liquidators' Capacity

18. The Provisional Liquidators act as agents of the Company without personal liability for all purposes. The Company is responsible and liable for the Provisional Liquidators' contracts, acts, omissions, defaults and losses and for all liabilities incurred by them. The Provisional Liquidators have signed this agreement solely for the purpose of obtaining the benefit of any covenants in their favour and without personal liability.

Governing Law

19. This agreement is governed by and shall be construed in accordance with the laws of Hoag Kong.

For and on behalf of
TACK FAT GROUP INTERNATIONAL LIMITED
(Provisional Liquidators Appointed)

FOK HEI YU

By:

FOK HEI YU
in his capacity as joint and several liquidator
and without personal liability

For and on behalf of
RADFORD DEVELOPMENTS LIMITED

CHUANG EUGENE YUE-CHIEN

By:

Chuang Eugene Yue-chien
Authorized Signatory

For and on behalf of
FERRIER HODGSON LIMITED
in its capacity as Escrow Agent

FOK HEI YU

By:

FOK HEI YU
Authorized Signatory

CONFORMED COPY

Subject to Contract

Schedule 1

Strictly Private & Confidential

Restructuring Proposal

for

**Tack Fat Group International Limited
(provisional liquidators appointed)
(Stock Code:928)**

2 December 2008

CONFORMED COPY

Subject to Contract

Schedule 1

Strictly Private & Confidential

INTRODUCTION

We, Radford Developments Limited, hereby present to you, the provisional liquidators (the "**Provisional Liquidators**") of Tack Fat Group International Limited (provisional liquidators appointed) (the "**Company**") and together with its subsidiaries, the "**Group**"), a proposal (the "**Restructuring Proposal**") which contains indicative terms for the restructuring of the Company in light of its current financial difficulties.

The Restructuring Proposal is subject to contract and our offer shall lapse if no written acceptance is received by us before 5:00 p.m. on 9 December 2008.

Should you have any question in relation to the Restructuring Proposal, please feel free to contact the undersigned on 3198 0203.

We look forward to your favourable reply.

Yours faithfully,
For and on behalf of
Radford Developments Limited

CHUANG EUGENE YUE-CHIEN

Chuang Eugene Yue-chien

BACKGROUND OF THE INVESTOR

Radford Developments Limited (the "**Investor**") is 100% beneficially owned by Moon Light Trust. The Investor and its associates and parties acting in concert with any of them are not connected persons of the Company as defined under The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), and have not brought any shares in the Company within the 6 months period prior to the date of this proposal.

KEY TERMS OF THE RESTRUCTURING PROPOSAL

1. **Capital Restructuring and Rights Issue for New Shares**

As part of the restructuring proposal for the Company (the "**Resumption Proposal**"), the Company will undergo a capital reduction by reducing its existing paid up capital from HK\$200 million to HK\$2 million (the "**Capital Reduction**"). Upon the completion of the Resumption Proposal (the "**Completion**"), the Company will raise new capital for new shares (the "**New Shares**") by way of a rights issue to raise a total of HK\$150 million and the Investor will underwrite the entire issue (the "**Rights Issues**"). For the avoidance of doubt, the Resumption Proposal entails the continuation by the Company of its operating subsidiary New Profit Holdings Limited ("**New Profit**"), being its retail business in the PRC.

2. **Subscription of Convertible Bonds**

As part of the Resumption Proposal too, the Investor will subscribe for convertible bonds (the "**Convertible Bonds**") in the amount of HK\$100 million that are convertible into New Shares of the Company at the same price as the Rights Issue, with an interest coupon of 2% per annum and a 3 years tenure (the "**Tranche A Convertible Bond**").

3. **Use of Funds and Settlement with Creditors**

HK\$50 million out of the Tranche A Convertible Bond subscription plus a further HK\$20 million issuance of Convertible Bonds by the Company carrying also an interest coupon of 2% per annum yet with a 12 months tenure (the "**Tranche B Convertible Bond**") shall be split between the creditors of the Company and New Profit in the proportion of 5 to 2 respectively, in turn for a Hong Kong scheme of arrangement for the Company in form and substance reasonably agreed by the Investor.

All other assets apart from those being foreclosed (i.e. the property) would be realized by the provisional liquidators in due course for the benefits of the relevant creditors based on the eventual proof of debts.

4. **Restructuring Costs**

HK\$16 million (the "**Fee**") will be provided by the Investor to cover all professional costs and expenses (save for those relating to the advisers of the Investor) incurred for the implementation of the Restructuring Proposal, with 40% payable on acceptance of this Restructuring Proposal by the Provisional Liquidators, a further 30% upon The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting its in principle acceptance of the resumption proposal and the balance upon Completion.

5. Working Capital and Assistance in the Restructuring

In response to the request made by the Provisional Liquidators to fund the operations of New Profit, the Investor will be responsible for advancing the necessary funds to satisfy the working capital needs for New Profit during the course of the restructuring and to ensure success in gaining approval of the resumption by the Stock Exchange (the "**Loan**"). It is expected that such Loan shall be no more than HK\$10 million and will be released upon signing of an exclusivity agreement whereupon the Company will indicate its acceptance in principle of the Restructuring Proposal (the "**Exclusivity Agreement**"). The Fee and the Loan shall be treated as loans to the Company and may, at the election of the Investor, be capitalised in whole or in part as New Shares of the Company at the Rights Issue price.

The Provisional Liquidators will provide the Investor with all the necessary information about New Profit that is available to the Investor from time to time, and will keep the Investor posted of the progress and development of New Profit. The Investor undertakes to use its best endeavours to assist the Provisional Liquidators in the course of the restructuring of the Group leading to Completion, providing information to the Provisional Liquidators and their advisers to assist them to compose the resumption proposal for the Stock Exchange. Such assistance includes the restoration of Ever Century Holdings Ltd. if requested by the Provisional Liquidators.

6. Exclusivity and Refund

The Exclusivity Agreement will provide a 6-month exclusivity period to the Investor for carrying out all necessary due diligence work in relation to the Group. The Loan shall be placed in escrow with the Provisional Liquidators or some other managements acceptable by the parties.

Any unused portion of the Loan held in escrow shall be refunded to the Investor if the parties fail to sign the formal restructuring agreement(s) (the "**Formal Agreements**") within 6-month of the signing of the Exclusivity Agreement

CONDITIONS PRECEDENT

Completion will be subject to conditions accustomed to transactions of a similar nature, including but not limited to the followings:

- The Investor will be given an exclusivity period for 6 months to carrying out all necessary due diligence work in relation to the Group;
- The Formal Agreements to be signed by the relevant parties;
- All the necessary approvals including but not limited to the approval of the Company's shareholders having been obtained for the Restructuring Proposal and for all the relevant transactions contemplated thereunder in accordance with the Listing Rules and the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**");
- The Stock Exchange having agreed to grant the resumption of trading in the shares of the Company and the approval by the Listing Committee of the Stock Exchange for the granting of listing and permission to deal in the new shares to be issued under the Restructuring Proposal;

Strictly Private & Confidential

- A waiver granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the "SFC") under the Takeovers Code in respect of any obligations on Investor or parties acting in concert with it to make a general offer for any of the securities of the Company after Completion; and
- All necessary waivers, consent and approvals including but not Limited to that from the Stock Exchange, the SFC and any other relevant regulatory authorities and relevant parties, which are required for the implementation of the Restructuring Proposal having been obtained.

SHAREHOLDING STRUCTURE

Upon Completion, the shareholding structure of the Company will likely to be as follows:

	<i>Existing Shareholding</i>	<i>Upon Completion of Restructuring Proposal *</i>	<i>Upon Full Conversion of all Convertible Bonds *</i>	<i>Upon Completion of the Rights Issue *</i>	
				<i>Assuming all shareholders take up</i>	<i>Assuming no shareholders take up</i>
Existing shareholders	100%	11.11%	1.45%	52.78%	0.70%
Creditors	-	-	14.49%	6.94%	6.94%
Investor	-	88.89%	84.06%	40.28%	92.36%
	100%	100%	100%	100%	100%

* Note: assuming the Fee has been but the Loan has not been capitalized.

The Investor will take appropriate steps to place out such number of shares to ensure that an adequate number of shares are held in public hands in compliance with the requirements of the Listing Rules.

CONFORMED COPY

From: Roderick John Sutton and Fok Hei Yu
in their capacity as
Joint and Several Provisional Liquidators
of Tack Fat Group International Limited
(Provisional Liquidators Appointed)
c/o Ferrier Hodgson Limited
14/F The Hong Kong Club Building
3A Chater Road
Central Hong Kong
(the "**Provisional Liquidators**")

To: Radford Developments Limited
Sea Meadow House
Blackburne Highway
P.O. Box 116
Road Town, Tortola
British Virgin Islands
Attention: Chuang Eugene Yue-chien
(the "**Investor**")

8 July 2009

Dear Sirs

Extension of the Exclusivity Period under the Exclusivity and Escrow Agreement dated 12 January 2009

We refer to the Exclusivity and Escrow Agreement entered into among the Investor, the Company and the Escrow Agent dated 12 January 2009 (the "**Agreement**").

Capitalised terms used in this letter have the meanings given to them in the Agreement unless otherwise defined herein.

Clause 16(d) of the Agreement provides for termination on the date falling six months after the Effective Date (that is on 13 July 2009) unless extended by mutual agreement between the Investor and the Provisional Liquidators.

Although the implementation of the Restructuring Proposal is taking longer than originally anticipated, the Provisional Liquidators believe that the completion of the Restructuring Proposal remains in the best interests of the creditors of the Company and it is proposed that the Exclusivity Period be extended by a further period of 6 months until 12 January 2010.

By signing where indicated below and returning a copy of this letter to us, you agree to the extension of the Exclusivity Period until 12 January 2010 and save as expressly provided in this letter, the Agreement shall continue in full force and effect with its terms. For the avoidance of doubt, following this extension, the Agreement shall terminate and be of no further effect on 12 January 2010 unless further extended by mutual agreement between the Investor and the Provisional Liquidators.

CONFORMED COPY

The terms of this letter shall be governed and construed in accordance with the laws of Hong Kong.

For and on behalf of

**THE JOINT AND SEVERAL PROVISIONAL
LIQUIDATORS OF TACK FAT GROUP
INTERNATIONAL LIMITED (PROVISIONAL
LIQUIDATORS APPOINTED)**

FOK HEI YU

By:.....

FOK Hei Yu
in his capacity as joint and several
provisional liquidator and without personal
liability

For and on behalf of

RADFORD DEVELOPMENTS LIMITED

CHUANG EUGENE YUE-CHIEN

By:
CHUANG Eugene Yue-chien
Authorised Signatory

CONFORMED COPY

From: Roderick John Sutton and Fok Hei Yu
in their capacity as
Joint and Several Provisional Liquidators
of Tack Fat Group International Limited
(Provisional Liquidators Appointed)
c/o Ferrier Hodgson Limited
14/F The Hong Kong Club Building
3A Chater Road
Central Hong Kong
(the "**Provisional Liquidators**")

To: Radford Developments Limited
Sea Meadow House
Blackburne Highway
P.O. Box 116
Road Town, Tortola
British Virgin Islands
Attention: Chuang Eugene Yue-chien
(the "**Investor**")

8 January 2010

Dear Sirs,

Extension of the Exclusivity Period under the Exclusivity and Escrow Agreement dated 12 January 2009

We refer to the Exclusivity and Escrow Agreement entered into among the Investor, the Company and the Escrow Agent dated 12 January 2009, as amended by a side letter between the Provisional Liquidators and the Investor dated 8 July 2009 (the "**Agreement**").

Capitalised terms used in this letter have the meanings given to them in the Agreement unless otherwise defined herein.

The Agreement shall terminate in accordance with its terms on 12 January 2010 unless it is extended by mutual agreement between the Investor and the Provisional Liquidators.

Although the implementation of the Restructuring Proposal is taking longer than originally anticipated, the Provisional Liquidators believe that the completion of the Restructuring Proposal remains in the best interests of the creditors of the Company and it is proposed that the Exclusivity Period be extended by a further period of 6 months until 11 July 2010.

By signing where indicated below and returning a copy of this letter to us, you agree to the extension of the Exclusivity Period until 11 July 2010 and, save as expressly provided for in this letter, the Agreement shall continue in full force and effect in accordance with its terms. For the avoidance of doubt, following this extension, the Agreement shall terminate and be of no further effect on 11 July 2010 unless further extended by mutual agreement between the Investor and the Provisional Liquidators.

The terms of this letter shall be governed and construed in accordance with the laws of Hong Kong.

CONFORMED COPY

For and on behalf of

**THE JOINT AND SEVERAL PROVISIONAL
LIQUIDATORS OF TACK FAT GROUP
INTERNATIONAL LIMITED (PROVISIONAL
LIQUIDATORS APPOINTED)**

FOK HEI YU

By:

FOK Hei Yu
in his capacity as joint and several provisional
liquidator and without personal liability

For and on behalf of

RADFORD DEVELOPMENTS LIMITED

CHUANG EUGENE YUE-CHIEN

By:

CHUANG Eugene Yue-chien

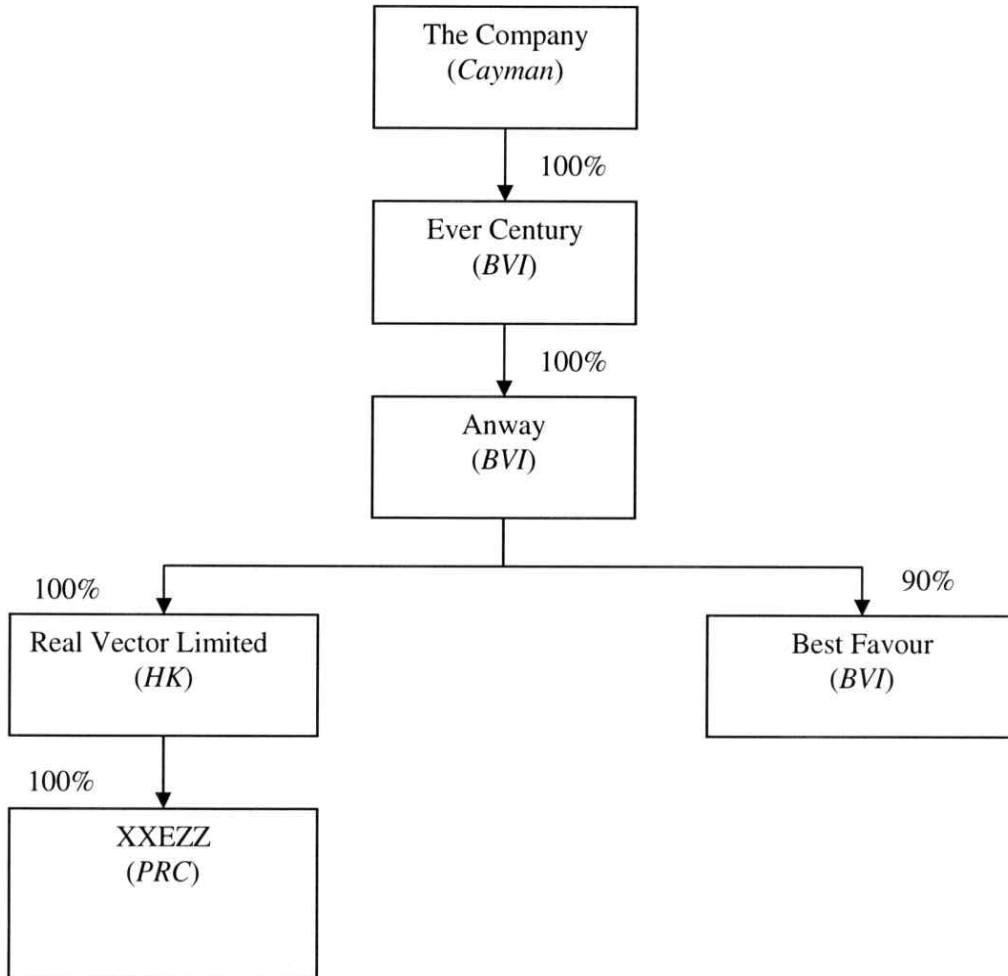
Authorised Signatory

SCHEDULE 2
CONDITIONS PRECEDENT

Condition	Document
1. The Hong Kong Court has sanctioned the Hong Kong Scheme.	Court Order
2. The Cayman Court has sanctioned the Capital Reduction, and the Cayman Scheme.	Court Order
3. Shareholders' resolutions of the Company approving:	A certified copy of the Shareholders' resolutions signed by the Chairman of the EGM and the independent scrutineer
(i) the issue of the Investor Convertible Bonds and the Creditors' Convertible Bonds;	
(ii) the Capital Restructuring;	
(iii) the Open Offer;	
(iv) the appointment of new directors to the Company (as agreed between the Investor and the Company) and the removal of current directors (as agreed between the Investor and the Company) conditional and subject only on the issue of the Closing Notice and to the provisions of the Takeovers Code;	
(v) the whitewash waiver (as defined in the Takeovers Code) to be granted by the SFC; and	
(vi) any other transactions contemplated under the Agreement which require the approval of the Company's shareholders.	
4. Either :	A notice or letter signed on behalf of the Listing Committee or other competent representative of the Stock Exchange
(i) conditional confirmation from the Stock Exchange of Resumption Approval; or	
(ii) confirmation from the Stock Exchange that it approves the Company's draft announcement in respect of, inter alia, the resumption of trading in the Shares.	
5. The Listing Committee of the Stock Exchange has granted the listing of, and permission to deal in, the New Shares in issue on Closing and to be issued pursuant to this Agreement and the Subscription Agreements.	A notice or letter signed on behalf of the Listing Committee or other competent representative of the Stock Exchange

- | | | |
|-----|--|--|
| 6. | Confirmation that the Corporate Finance Division of the SFC has granted a waiver (either unconditionally or subject to conditions which are acceptable to the Investor acting reasonably) to the Investor pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code. | A Notice or letter signed by the Executive Director of the Corporate Finance Division or other authorised representative of the SFC |
| 7. | Withdrawal of the Petition and the discharge of the Provisional Liquidators conditional only on Closing. | Court Order |
| 8. | Due execution of the Creditors' Subscription Agreement | Executed Creditors' Subscription Agreement |
| 9. | Due execution of the Investor's Subscription Agreement | Executed Investor's Subscription Agreement |
| 10. | Due execution of the Underwriting Agreement. | Executed Underwriting Agreement |
| 11. | Due execution of the New Profit Agreement. | Executed New Profit Agreement |
| 12. | Completion of the Open Offer. | Shareholders resolution authorizing allotment and issue of the Offer Shares, confirmation that a Form F has been submitted to the Stock Exchange in respect of the Open Offer and copy of the Company announcement in respect of allotment results |
| 13. | Agreement to transfer claims and any non-XXEZZ Assets to be transferred under Clause 4.2(c). | Executed transfer agreement |
| 14. | Release of share charges over the shares of Ever Century. | Release documents in relation to the share charges granted over the shares of Ever Century executed by Hansom and Forefront |
| 15. | Evidence of ability of the Investor to pay Closing Funds on Closing. | Confirmation from a securities brokerage firm or other documentary evidence/confirmation in a form satisfactory to the Provisional Liquidators |

SCHEDULE 3
POST-CLOSING GROUP



SIGNATORIES

The Company

SIGNED by FOK Hei Yu)
for and on behalf of the joint and)
several Provisional Liquidators as)
agent of TACK FAT GROUP)
INTERNATIONAL LIMITED)
(PROVISIONAL LIQUIDATORS)
APPOINTED) without personal liability)
in the presence of: Keith Yam)



The Provisional Liquidators

SIGNED by FOK Hei Yu)
for and on behalf of the joint and)
several Provisional Liquidators)
in the presence of: Keith Yam)



The Investor

SIGNED by)
for and on behalf of)
RADFORD DEVELOPMENTS LIMITED)
in the presence of:)

The Escrow Agent

SIGNED by FOK Hei Yu)
for and on behalf of)
FERRIER HODGSON LIMITED)
in the presence of: Keith Yam)



SIGNATORIES

The Company


SIGNED by)
for and on behalf of the joint and)
several Provisional Liquidators as)
agent of TACK FAT GROUP)
INTERNATIONAL LIMITED)
(PROVISIONAL LIQUIDATORS)
APPOINTED) without personal liability)
in the presence of :)

The Provisional Liquidators

SIGNED by)
for and on behalf of the joint and)
several Provisional Liquidators)
in the presence of:)

The Investor

SIGNED by)
for and on behalf of)
RADFORD DEVELOPMENTS LIMITED)
in the presence of:)

CHAU SIUK WAM 



The Escrow Agent

SIGNED by)
for and on behalf of)
FERRIER HODGSON LIMITED)
in the presence of :)