
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Tack Fat Group International Limited (Provisional Liquidators Appointed), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix III to the Prospectus (as defined herein), have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (as defined herein). The Registrar of Companies in Hong Kong takes no responsibility as to the contents of any of these documents.

Subject to the granting of listing of, and permission to deal in, the New Shares (as defined herein) to be issued upon completion of the Open Offer (as defined herein) and Share Consolidation (as defined herein) on the Stock Exchange (as defined herein), the New Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus.



TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

OPEN OFFER ON THE BASIS OF 339 OFFER SHARES FOR EVERY 5 REORGANISED SHARES HELD ON THE RECORD DATE

**Financial Advisor to the Company and
Underwriter to the Open Offer**



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

The latest time for acceptance of and payment for the Offer Shares is 4:00 p.m. on Thursday, 28 July 2011. The procedures for application and payment for the Offer Shares are set out on page 23 of the Prospectus.

The Open Offer is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” on page 22 of the Prospectus. If the Underwriter terminates the Supplemental Underwriting Agreement or if the conditions to the Supplemental Underwriting Agreement have not been fulfilled as set out in the section headed “Conditions precedent to the Supplemental Underwriting Agreement” and “Termination of the Supplemental Underwriting Agreement” on pages 14, 15, 24, 25 and 26 of the Prospectus, the Open Offer will not proceed. Shareholders and potential investors are advised to exercise due caution when dealing in the Shares.

Trading in the Shares has been suspended since 30 July 2008. Shareholders should note that resumption in trading in the New Shares will not take place if the conditions to which the Supplemental Underwriting Agreement is subject remain unfulfilled. Any Shareholders or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:30 p.m. on Tuesday, 2 August 2011), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended that his/her/its professional advisor be consulted.

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DEFINITIONS

In this prospectus, the following expressions have the following meanings, unless the context otherwise requires:

“1st Announcement”	the announcement of the Company dated 2 June 2011 in relation to, amongst others, (i) the Open Offer; (ii) the issue of Convertible Bonds; (iii) the Share Consolidation; and (iv) the Change in Board Lot
“2nd Announcement”	the announcement of the Company dated 28 June 2011 in relation to, among others, the entering of the Supplemental Underwriting Agreement
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“Anway”	Anway Limited, an indirect wholly-owned subsidiary of the Company, which holds 90% share interest in Best Favour
“Asian Capital” or “Underwriter”	Asian Capital (Corporate Finance) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO, the financial advisor to the Company and the underwriter to the Open Offer
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Best Favour”	Best Favour Investments Limited, an indirect 90%-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 Reorganisation”	the reorganisation of the share capital of the Company as set out in the Company’s circular dated 7 August 2010, which has become effective after 5:00 p.m. on Monday, 20 December 2010
“Cayman Companies Law”	the Companies Law (2010 Revision) of the Cayman Islands as amended from time to time
“Cayman Islands Court”	the Grand Court of the Cayman Islands

DEFINITIONS

“Cayman Scheme”	the 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 Islands Court
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot”	the change in board lot size from 800 Reorganised Shares to 24,000 New Shares with effect immediately after the Share Consolidation becomes effective
“Closing”	the completion of all the transactions under the Restructuring Agreement
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“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)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Conversion Price”	the price at which the Conversion Shares will be issued upon conversion of the Investor Convertible Bonds or the Creditors Convertible Bonds
“Conversion Share(s)”	the Reorganised Share(s) or the New Share(s) to be issued upon (i) conversion of the Investor Convertible Bonds; and (ii) conversion of the Creditors Convertible Bonds, as the case may be
“Convertible Bonds”	collectively, the Creditors Convertible Bonds and Investor Convertible Bonds
“Creditors Convertible Bonds”	the convertible bonds to be issued by the Company with principal amount of HK\$20,000,000 and tenure of one year bearing an interest rate of 2% per annum and convertible into Reorganised Shares or New Shares at the option of the holders at the Conversion Price

DEFINITIONS

“Creditors Subscription Agreement”	the subscription agreement dated 6 July 2010 entered into by the Company, the Provisional Liquidators, New Profit, and Key Winner setting out the terms and conditions of the Creditors Convertible Bonds and was supplemented and superseded by the Supplemental Creditors Subscription Agreement dated 27 May 2011
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held at 11: 00 a.m. on Wednesday, 13 July 2011 approving the Open Offer, the issue of Convertible Bonds, the Share Consolidation and other transactions contemplated in the Restructuring Agreement
“Escrow Agent”	FTI Consulting (Hong Kong) Limited (formerly known as FS Asia Advisory Limited and Ferrier Hodgson Limited), a company incorporated in Hong Kong with limited liability
“Exchange Participant”	has the same meaning ascribed to it under the Listing Rules
“Excluded Shareholder(s)”	the Shareholder(s), whose addresses as shown on the register of members of the Company on the Record Date are in places outside Hong Kong where based on the legal opinions provided by the relevant overseas legal advisors of the Company, the Provisional Liquidators/Directors are of the opinion that it is necessary or expedient to exclude such Shareholder(s) from the Open Offer on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in such places
“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 to grant the Investor an exclusivity period to negotiate the restructuring of the Group
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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
“Independent Shareholder(s)”	the independent Shareholders, (i) who are not the Interested Shareholders being interested in (otherwise than solely as a Shareholder) the transactions contemplated in the Restructuring Agreement and therefore are required to abstain from voting in respect of the resolutions to approve the transactions contemplated under the Restructuring Agreement, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement in the EGM; or (ii) who are not the controlling Shareholder(s) and therefore are required to abstain from voting in favour of the relevant resolution to approve the Open Offer in the EGM
“independent third part(y)(ies)”	third part(y)(ies) who is/are, to the best knowledge, information and belief of the Provisional Liquidators and the Directors, having made all reasonable enquiries, independent of the Company and its connected persons
“Interested Shareholders”	the Shareholders who are also the Scheme Creditors, namely QVT Fund LP and Quintessence Fund LP, holding an aggregate of 108,726 Reorganised Shares, representing approximately 0.05% of the share interest of the Company as at the date of the EGM
“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 a principal amount of HK\$100,000,000 and tenure of three years bearing no interest and convertible into Reorganised Shares or New Shares at the option of the holders at the Conversion Price
“Investor Subscription Agreement”	the subscription agreement dated 24 June 2010 entered into by the Investor, the Company and the Provisional Liquidators setting out the terms and conditions of the Investor Convertible Bonds and was supplemented and superseded by the Supplemental Investor Subscription Agreement dated 27 May 2011

DEFINITIONS

“Key Winner”	Key Winner Holdings Limited, a company incorporated in Hong Kong with limited liability which is controlled by the Provisional Liquidators
“Last Acceptance Date”	Thursday, 28 July 2011, being the last date for acceptance of any payment for the Offer Shares
“Last Trading Date”	30 July 2008, being the last trading date prior to the Suspension
“Latest Practicable Date”	12 July 2011, being the latest practicable date prior to the printing of the Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Termination”	4:30 p.m. on Tuesday, 2 August 2011, being the latest time for the Underwriter to terminate the Supplemental Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company
“New Profit”	New Profit Holdings Limited (In Creditors’ Voluntary Liquidation), a company incorporated in Hong Kong and a former indirect 90% owned subsidiary of the Company which was voluntarily wound up in May 2010
“New Profit Agreement”	the agreement dated 30 July 2010 entered into between the Company, the Provisional Liquidators, Best Favour, Key Winner, New Profit, the joint and several liquidator of New Profit, Anway, CITIC Bank International Limited and Tack Fat Swimwear Manufacturing Limited (In Liquidation) (a former wholly-owned subsidiary of the Company) for the settlement of claims against New Profit and Anway and release of security over shares in Best Favour
“New Profit Luo Ding”	New Profit Garment (Luo Ding) Company Limited, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of New Profit
“New Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company after the Share Consolidation becomes effective. These include the Shares consolidated from the Reorganised Shares and the Offer Shares

DEFINITIONS

“Newco”	Shenzhen XXEZZ Clothing Company Limited, a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Offer Share(s)”	Reorganised Share(s) to be allotted under the Open Offer, being 15,001,474,104 Reorganised Shares
“Old Share(s)”	Ordinary share(s) of HK\$0.10 each in the capital of the Company before the Capital Reorganisation becoming effective
“Open Offer”	the offer for subscription at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of 339 Offer Shares for every five Reorganised Shares held on the Record Date on the terms and conditions set out herein
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Posting Date”	Thursday, 14 July 2011, the date for the despatch of the Prospectus Documents
“PRC” or “China”	the People’s Republic of China which, for the purpose of the Prospectus only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus under the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the assured entitlement under the Open Offer
“Provisional Liquidators”	Messrs Fok Hei Yu and Roderick John Sutton, the joint and several provisional liquidators of the Company, both of FTI Consulting (Hong Kong) Limited (formerly known as FS Asia Advisory Limited and Ferrier Hodgson Limited)
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Excluded Shareholder(s), whose names appear on the register of members of the Company as at the close of business on the Record Date

DEFINITIONS

“Record Date”	Wednesday, 13 July 2011, the date by reference to which entitlements to the Open Offer have been determined
“Reorganised Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation became effective after 5:00 p.m. on 20 December 2010
“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, as supplemented by two letter agreements dated 24 August 2010 and 27 May 2011 respectively
“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”	the creditors whose claims are to be dealt with under the Schemes
“Second Supplemental Restructuring Side Letter”	the side letter dated 27 May 2011 entered into between the Provisional Liquidators, the Investor and the Escrow Agent to further supplement the Restructuring Agreement
“Settlement Deed”	the settlement deed dated 3 April 2009 entered into between the Company, the Provisional Liquidators, Merrier, Forefront, Hansom for the transfer of the Ever Century Shares back to the Company as supplemented by two letter agreements on 9 April 2010 and 18 May 2011 respectively
“SFC”	the Securities and Futures Commission of Hong Kong
“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 share consolidation of every ten Reorganised Shares into one New Share
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Sub-underwriting Agreements”	the six sub-underwriting agreements dated 27 June 2011 entered into between the Underwriter and each of the six sub-underwriters, each of the sub-underwriters is a third party independent of the Company or any of the Directors, chief executive, substantial shareholders of the Company or any of their respective associates, in respect of the sub-underwriting of all the Untaken Shares
“Sub-underwriting Letter”	the sub-underwriting letter issued by the Investor to Asian Capital on 27 July 2010 to accept an offer to subscribe for all the Untaken Shares, which has lapsed
“Subscription Price”	the price of HK\$0.01 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Creditors Subscription Agreement”	the supplemental subscription agreement dated 27 May 2011 entered into by the Company, the Provisional Liquidators, New Profit and Key Winner to supersede the Creditors Subscription Agreement
“Supplemental Investor Subscription Agreement”	the supplemental subscription agreement dated 27 May 2011 entered into by the Investor, the Company and the Provisional Liquidators to supersede the Investor Subscription Agreement
“Supplemental Restructuring Side Letter”	the side letter dated 24 August 2010 entered into between the Provisional Liquidators, the Investor and the Escrow Agent to supplement the Restructuring Agreement
“Supplemental Restructuring Side Letters”	the Supplemental Restructuring Side Letter and the Second Supplemental Restructuring Side Letter
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 27 June 2011 entered into between the Company and the Underwriter to supersede the Underwriting Agreement
“Suspension”	the suspension of trading in the Shares since 30 July 2008
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 27 July 2010 pursuant to which the Underwriter will fully underwrite the Offer Shares, and was superseded by the Supplemental Underwriting Agreement dated 27 June 2011

DEFINITIONS

“Untaken Shares”	the Offer Shares which have been offered to but have not been accepted by the Qualifying Shareholders and the Offer Shares to which the Excluded Shareholders would have been entitled to if they are regarded as the Qualifying Shareholders and any fractional entitlement thereof
“XXEZZ Assets”	the assets which are essential part of the Group’s retail apparel business in the PRC, namely inventory, accounts receivables and fixed assets, including the trademark of <i>XXEZZ</i>
“%”	per cent
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

Certain amounts and percentage figures included in the Prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

SUMMARY OF THE OPEN OFFER

Basis of the Open Offer	:	339 Offer Shares for every 5 Reorganised Shares held on the Record Date by the Qualifying Shareholders
Subscription Price	:	HK\$0.01 per Offer Share payable in full upon application
Number of Shares in issue as at the Latest Practicable Date	:	221,260,680 Reorganised Shares
Number of Offer Shares	:	15,001,474,104 Offer Shares, representing: <ul style="list-style-type: none">(a) approximately 6,780.00% of the existing issued share capital of the Company;(b) approximately 98.55% of the issued share capital of the Company as enlarged by the issue of the Offer Shares;(c) approximately 59.48% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of the Investor Convertible Bonds only assuming the Conversion Price being HK\$0.01 per Reorganised Share;(d) approximately 87.10% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of the Creditors Convertible Bonds only assuming the conversion Price being HK\$0.01 per Reorganised Share; and(e) approximately 55.11% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of the Investor Convertible Bonds and Creditors Convertible Bonds assuming the Conversion Price being HK\$0.01 per Reorganised Share
Maximum number of Offer Shares underwritten by the Underwriter	:	15,001,474,104 Offer Shares
Enlarged issued share capital upon completion of the Open Offer	:	15,222,734,784 Reorganised Shares

SUMMARY OF THE OPEN OFFER

Enlarged issued share capital after the completion of the Share Consolidation and upon resumption of trading in the Shares	:	1,522,273,478 New Shares
Gross proceeds to be raised by the Open Offer	:	Approximately HK\$150 million
Basis of entitlement	:	Offer Shares will be allotted in the proportion of 339 Offer Shares for every five (5) Reorganised Shares held by the Qualifying Shareholders on the Record Date. No Offer Shares will be offered to the Excluded Shareholders
Right of excess application	:	the Qualifying Shareholders will not have the right to apply for excess Offer Shares

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities of the Company which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares.

EXPECTED TIMETABLE

The expected timetable of the Open Offer is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Latest time for acceptance of and payment
for Offer Shares 4:00 p.m. on Thursday,
28 July 2011

Latest Time for Termination 4:30 p.m. on Tuesday,
2 August 2011

Announcement of results of the Open Offer Wednesday, 3 August 2011

Latest time for lodging transfer of the
Reorganised Shares, the share certificates
of which are in blue, subject to
the Share Consolidation 4:30 p.m. on Thursday,
4 August 2011

Effective date of the Share Consolidation
and Change in Board Lot and record date
for posting of new share certificates for the New Shares after 5:00 p.m. on Thursday,
4 August 2011

Despatch of share certificates in yellow for
the New Shares, which are the Shares consolidated
from both the Reorganised Shares and
the Offer Shares, and automatically void of
the old share certificates, which are in blue Friday, 5 August 2011

If the Open Offer is terminated, refund cheques to
be despatched on or before Friday, 5 August 2011

Resumption of trading and dealings
in the New Shares commence 9:00 a.m. on Tuesday, 9 August 2011

Note: All references to time in the Prospectus are references to Hong Kong time.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OPEN OFFER

If there is:

- a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date, the latest time of acceptance of and payment for the Offer Shares will not take place at 4:00 p.m. on the Last Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date, the latest time of acceptance of and payment for the Offer Shares will not take place on the Last Acceptance Date, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Last Acceptance Date, the dates mentioned in the section headed “Expected timetable” in the Prospectus may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE SUPPLEMENTAL UNDERWRITING AGREEMENT

The Supplemental Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Supplemental Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens:

- (a) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
 - (2) the occurrence of any local, national or international event or change whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Supplemental Underwriting Agreement, of a political, financial, economic, currency market or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (3) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the business of the Group taken as a whole and a change in currency conditions for the purpose of the Supplemental Underwriting Agreement includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Open Offer; or

TERMINATION OF THE SUPPLEMENTAL UNDERWRITING AGREEMENT

- (c) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Supplemental Underwriting Agreement of a material nature which would materially and adversely affect the success of the Open Offer.

The Company may, by way of giving written notice to the Underwriter, to terminate and rescind the Supplemental Underwriting Agreement at any time before the Latest Time for Termination if the Restructuring Agreement is terminated pursuant to the terms thereto.

LETTER FROM THE PROVISIONAL LIQUIDATORS/BOARD



TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

Provisional Liquidators:

Mr. John Roderick SUTTON

Mr. FOK Hei Yu

Non-executive Director:

Mr. MCMULLEN James

Independent non-executive Directors:

Mr. PAU Chin Hung, Andy

Mr. CHOONG Khuat Leok

Mr. KOOI Tock Chian

Registered Office:

Century Yard

Cricket Square, Hutchins Drive

George Town, Grand Cayman

Cayman Islands

British West Indies

Principal place of business in Hong Kong:

14/F The Hong Kong Club Building

3A Chater Road, Central

Hong Kong

14 July 2011

To the Qualifying Shareholders

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF 339 OFFER SHARES FOR EVERY 5 REORGANISED SHARES HELD ON THE RECORD DATE

INTRODUCTION

It was set out in the 1st Announcement that the Company proposed to raise approximately HK\$150 million, before expenses, by issuing 15,001,474,104 Offer Shares at the Subscription Price of HK\$0.01 per Offer Share on the basis of 339 Offer Shares for every five Reorganised Shares held by the Qualifying Shareholders on the Record Date and payable in full on acceptance.

As disclosed in the 2nd Announcement, the Supplemental Underwriting Agreement was entered into between the Company and the Underwriter on 27 June 2011 to supersede the Underwriting Agreement and the Sub-underwriting Agreements were entered into between the Underwriter and the six sub-underwriters on 27 June 2011. The Open Offer is fully underwritten.

On 28 June 2011, the circular of the Company in relation to, *inter alia*, the Open Offer was despatched to the Shareholders. All the resolutions including the Open Offer, the Share Consolidation, the issue of the Convertible Bonds and the issue of the Conversion Shares upon conversion of the Convertible Bonds were approved by way of poll at the EGM on 13 July 2011.

LETTER FROM THE PROVISIONAL LIQUIDATORS/BOARD

The purpose of the Prospectus is to provide you with further information on, among other things, the Open Offer including information on the application for and payment of the Offer Shares and certain financial and other information in respect of the Company.

OPEN OFFER

Issue Statistics of the Open Offer

Basis of the Open Offer	:	339 Offer Shares for every 5 Reorganised Shares held on the Record Date by the Qualifying Shareholders
Subscription price	:	HK\$0.01 per Offer Share payable in full upon application
Number of Shares in issue as at the Latest Practicable Date	:	221,260,680 Reorganised Shares
Number of Offer Shares	:	15,001,474,104 Offer Shares, representing: <ul style="list-style-type: none">(a) approximately 6,780.00% of the existing issued share capital of the Company;(b) approximately 98.55% of the issued share capital of the Company as enlarged by the issue of the Offer Shares;(c) approximately 59.48% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of only the Investor Convertible Bonds only assuming the Conversion Price being HK\$0.01 per Reorganised Share;(d) approximately 87.10% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of the Creditors Convertible Bonds only assuming the Conversion Price being HK\$0.01 per Reorganised Share; and(e) approximately 55.11% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of the Investor Convertible Bonds and Creditors Convertible Bonds assuming the Conversion Price being HK\$0.01 per Reorganised Share

LETTER FROM THE PROVISIONAL LIQUIDATORS/BOARD

Enlarged issued share capital : 15,222,734,784 Reorganised Shares
upon completion of the Open
Offer and before the conversion
of the Convertible Bonds

Enlarged issued share capital after : 1,522,273,478 New Shares (*Note*)
the completion of the Share
Consolidation and upon resumption
of trading in the Shares

Note:

The Share Consolidation of ten Reorganised Shares into one New Share will take place after the completion of the Open Offer but before the Closing. Therefore, theoretical subscription price per New Share under the Open Offer should be ten times of the Subscription Price.

Qualifying Shareholders

The Open Offer will be available only to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must have lodged any transfers of the shares of the Company (with the relevant share certificate(s)) with the Hong Kong branch share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 11 July 2011. The Company will send the Prospectus Documents to the Qualifying Shareholders only.

As at the Record Date, based on the register of members of the Company, none of the Shareholders had an address outside of Hong Kong. Accordingly, there is no Excluded Shareholder under the Open Offer.

Closure of register of members and Record Date for the Open Offer

The Company's register of members was closed from Tuesday, 12 July 2011 to Wednesday, 13 July 2011 (both dates inclusive), for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Reorganised Shares was registered during this period. The Record Date was Wednesday, 13 July 2011.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.01 per Offer Share, payable in full upon application under the Open Offer.

The Subscription Price, which is equivalent to the par value of the Reorganised Shares, represents:

- (a) a discount of approximately 99.75% to the theoretical closing price of HK\$4.00 per Reorganised Share as adjusted for the effect of the Capital Reorganisation (based on the closing price of HK\$0.40 per Old Share as quoted on the Stock Exchange on the Last Trading Date);

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- (b) a discount of approximately 99.78% to the average theoretical closing price of HK\$4.46 per Reorganised Share as adjusted for the effect of the Capital Reorganisation (based on the average closing price of HK\$0.446 per Old Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Date);
- (c) a discount of approximately 99.79% to the average theoretical closing price of HK\$4.79 per Reorganised share as adjusted for the effect of the Capital Reorganisation (based on the average closing price of HK\$0.479 per Old Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Date); and
- (d) a premium of approximately HK\$6.28 over the audited consolidated net liabilities per Reorganised Share of approximately HK\$6.27 as at 31 March 2011 (based on the Company's audited consolidated net liabilities of approximately HK\$1,388 million at 31 March 2011 and 221,260,680 Reorganised Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined after arm's length negotiations between the Company and the Investor. In determining the Subscription Price, the Company and the Investor have taken into consideration, among other things, the Suspension and the audited consolidated net liabilities per Reorganised Share of approximately HK\$6.27 as at 31 March 2011 based on the Company's audited consolidated net liabilities of approximately HK\$1,388 million as set out in the Company's published audited financial statements for the year ended 31 March 2011 and 221,260,680 Reorganised Shares in issue.

Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price up to in proportion to his/her/its shareholding in the Company on the Record Date .

Basis of allotment

The basis of the assured allotment shall be 339 Offer Shares for every five Reorganised Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the application form and lodging the same with the remittance for the Offer Shares being applied for.

Fractions of Offer Shares

Fractional entitlements to Offer Shares will not be issued but will be aggregated and taken up by the Underwriter. For illustration, if a Qualifying Shareholder who held 13 Reorganised Shares on the Record Date, he/she/it is entitled to subscribe for up to 881 Offer Shares on pro-rata basis.

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Since the Share Consolidation is proposed to be implemented after the Open Offer and fractional New Shares will be disregarded and not issued to the Shareholders after completion of the Share Consolidation, Shareholders shall bear in mind that every ten Reorganised Shares (aggregating the Reorganised Shares then held and the Offer Shares subscribed for) on the effective date of the Share Consolidation will then be consolidated into one New Share under the Share Consolidation as described below. Following completion of the Open Offer, the single-digit of the number of Reorganised Shares held by a Shareholder will therefore be disregarded after the Share Consolidation becomes effective. Shareholders shall take this into account when they submit their application forms such that total number of Reorganised Shares held after completion of the Open Offer but before Share Consolidation will be a multiple of ten. For example, as there is no excess application, a Shareholder holding 80 Reorganised Shares are advised and reminded to subscribe for 5,420 Offer Shares, with a total subscription money of HK\$54.20, instead of the entitlement of 5,424 Offer Shares such that he or she or it will hold 5,500 Reorganised Shares after completion of the Open Offer. After completion of the Open Offer and the Share Consolidation, he or she or it will hold 550 New Shares with a par of HK\$0.10 per New Share.

Proposed Share Consolidation and Change in Board Lot

Pursuant to Rule 13.64 of the Listing Rules, the Company will implement the Share Consolidation on the basis that every ten issued and unissued Reorganised Shares of HK\$0.01 each immediately after completion of the Open Offer will be consolidated into one New Share of HK\$0.10 each before the resumption of trading in the New Shares. Fractional New Shares will be disregarded and not issued to the Shareholders. Fractional New Shares will only arise in respect of the entire shareholding of a holder of the Reorganised Shares regardless of the number of share certificates held by such holder.

The board lot size of the New Shares will be changed from 800 Reorganised Shares to 24,000 New Shares with effect immediately after the Share Consolidation becomes effective, i.e. after 5:00 p.m. on Thursday, 4 August 2011.

Share certificates for the fully-paid Offer Shares and refund cheques

To minimize administration costs and avoid confusion, share certificates for all fully paid Offer Shares will not be posted to the Qualifying Shareholders immediately after the Latest Time for Termination, instead, the respective share certificates for the New Shares upon the completion of the Share Consolidation on or before Friday, 5 August 2011 will be despatched to all the Shareholders by ordinary post at their own risk.

If the Open Offer is terminated, refund cheques will be despatched on or before Friday, 5 August 2011 by ordinary post at the respective Shareholders' own risk.

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Status of the Offer Shares and the New Share

The Offer Shares (when fully paid and allotted) will rank *pari passu* in all respects with the Reorganised Shares in issue on the date of allotment. The Offer Shares will be consolidated into the New Shares subject to the Share Consolidation and only the correspondent New Shares will be issued to the relevant Shareholders.

Holders of the New Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the New Shares.

No Transfer of nil-paid entitlements and no application for excess Offer Shares

The invitation to subscribe for Offer Shares to be made to the Qualifying Shareholders is not transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

The Company has also decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Share in excess of their respective assured entitlements. Considering that each Qualifying Shareholder has been given equal and fair opportunities to participate in the Company's future development by subscribing for his/her/its entitlements under the Open Offer, the Company considers it appropriate not to put in additional effort and costs to administer the excess application procedures. Any Offer Shares not taken up by the Shareholders will be underwritten by the Underwriter and sub-underwriters. Details of the Supplemental Underwriting Agreement are set out in the section below. As the Underwriter and sub-underwriters are not directly or indirectly owned by any of the Directors, chief executive or substantial Shareholder or any associates of them, therefore, the absence of excess application does not require approval by the Shareholders.

Application for listing

Due to the proposed Share Consolidation, the Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between the Exchange Participants on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The first day of dealings in the New Shares is expected to commence on Tuesday, 9 August 2011.

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Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of New Shares, the Company will appoint an agent to provide matching services for the sale and purchase of odd lots of New Shares arising from the Share Consolidation and Change in Board Lot. Further announcement will be made when such arrangement is in place.

Conditions of the Open Offer

Completion of the Open Offer is conditional, among others, upon:

- (i) the passing of the necessary resolutions by the Independent Shareholders at the EGM to approve the Open Offer and the Share Consolidation;
- (ii) the Hong Kong Scheme being sanctioned by the Hong Kong Court and the Cayman Scheme being sanctioned by the Cayman Islands Court;
- (iii) the duly execution of the Supplemental Underwriting Agreement and the Supplemental Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors as having been approved by the resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Posting Date; and
- (vi) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the New Shares by no later than the first day of their dealings;

Conditions (i), (iii), (iv) and (v) have been fulfilled. The court hearing of the Hong Kong Court to sanction the Hong Kong Scheme is scheduled on 26 July 2011. The Company will make a further announcement in respect of the results of the court hearing in due course. The Company has no intention to waive any of the above remaining conditions.

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PROCEDURES FOR APPLICATION AND PAYMENT

Qualifying Shareholders will find enclosed with the Prospectus an application form which entitles Qualifying Shareholders to subscribe for the number of Offer Shares shown therein. **If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for the Offer Shares specified in the application form, the Qualifying Shareholder must lodge the application form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. Thursday, 28 July 2011. All remittances must be by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Tack Fat Group International Limited (Provisional Liquidators Appointed) – Open Offer Account" and crossed "ACCOUNT PAYEE ONLY".**

It should be noted that unless the duly completed application form, together with the appropriate remittance, has been lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. Thursday, 28 July 2011, whether by the original allottee or any person to whom the rights have been validly transferred, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and the relevant Offer Shares will be taken up by the Underwriter and the sub-underwriters.

The application form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed application form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an application form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any application form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The application form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Supplemental Underwriting Agreement are not fulfilled and/or the Supplemental Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

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UNDERWRITING ARRANGEMENTS

On 27 June 2011, the Company and the Underwriter entered into the Supplemental Underwriting Agreement to supersede the Underwriting Agreement. The Underwriter, which is licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, is also the financial advisor to the Company. Save for that, the Underwriter is an independent third party of the Company or any of the Directors, chief executive, substantial shareholders of the Company or any of their respective associates. Save for being engaged as the financial advisor to the Company, the entering into the Underwriting Agreement and the Supplemental Underwriting Agreement with the Company, and the entering into the Sub-underwriting Letter with the Investor, which has lapsed, there is no agreement or arrangement between the Underwriter and the Company or the Investor, its ultimate beneficial owner and associates.

Pursuant to the Supplemental Underwriting Agreement, the Underwriter has conditionally agreed to fully subscribe or procure subscriber(s) to subscribe for the Untaken Shares. The maximum number of the Untaken Shares underwritten by the Underwriter is 15,001,474,104 Offer Shares. The Underwriter will receive an underwriting commission of 2.75% of the aggregate Subscription Price for the Offer Shares.

Conditions precedent to the Supplemental Underwriting Agreement

The obligations of the Company and the Underwriter hereto under the Supplemental Underwriting Agreement are conditional upon:

- (i) the approval by the Shareholders (or the Independent Shareholders as the case may be) in the EGM of all the transactions contemplated under the Restructuring Agreement and the Supplemental Underwriting Agreement including but not limited to the allotment of the Offer Shares and the issue of the relevant New Shares upon completion of the Share Consolidation;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong, respectively, one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Posting Date; and
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the New Shares by no later than the first day of their dealings as stated in this Prospectus.

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Conditions (i), (ii) and (iii) have been fulfilled. If the above condition (iv) is not fulfilled by the respective time and/or date specified above (or such later time and/or date as the Underwriter may agree), then either party may by notice to the other party terminate the Supplemental Underwriting Agreement, in which case, no party to the Supplemental Underwriting Agreement shall have any claim against any other party to the Supplemental Underwriting Agreement for costs, damages, compensation or otherwise except that such termination shall be without prejudice to any accrued rights or obligations under the Supplemental Underwriting Agreement.

Underwriter's obligations under the Supplemental Underwriting Agreement

If and to the extent that at 4:00 p.m. on the business day after the Last Acceptance Date, there shall be any Untaken Shares, then the Underwriter shall subscribe or shall procure subscriber(s) to subscribe for all such Untaken Shares on the terms as set out in the Prospectus Documents (other than as to the time of acceptance and payment) and shall pay or procure to be paid to the Company the aggregate Subscription Price in respect of the Untaken Shares by not later than 4:30 p.m. on the third business day after the Last Acceptance Date.

The Underwriter shall provide the name(s) and account number(s) of itself or such subscriber(s) to the Company by not later than 4:30 p.m. on the second business days after the Last Acceptance Date. Following payment as aforesaid, all obligations and liabilities of the Underwriter under the Supplemental Underwriting Agreement shall cease.

Termination of the Supplemental Underwriting Agreement

The Supplemental Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Supplemental Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens:

- (a) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:**
 - (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;**
 - (2) the occurrence of any local, national or international event or change whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Supplemental Underwriting Agreement, of a political, financial, economic, currency market or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**

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- (3) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the business of the Group taken as a whole and a change in currency conditions for the purpose of the Supplemental Underwriting Agreement includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Supplemental Underwriting Agreement of a material nature which would materially and adversely affect the success of the Open Offer.

The Company may, by way of giving written notice to the Underwriter, to terminate and rescind the Supplemental Underwriting Agreement at any time before the Latest Time for Termination if the Restructuring Agreement is terminated pursuant to the terms thereto.

Sub-underwriting arrangement

The Sub-underwriting Letter has lapsed. The Investor has decided not to subscribe for or sub-underwrite any Untaken Shares arising from the Open Offer.

The Underwriter has entered into the Sub-underwriting Agreements with six sub-underwriters, and the six sub-underwriters in aggregate will underwrite a maximum of 15,001,474,104 Untaken Shares. Each of them will sub-underwrite such number of Untaken Shares which will not result in any of the sub-underwriters holding 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Apart from up to 761,040,000 Untaken Shares, representing approximately 5% of the enlarged share capital of the Company upon the completion of the Open Offer and Share Consolidation but before any conversion of the Convertible Bonds, underwritten by a fellow subsidiary of the Underwriter, each of the other sub-underwriters has confirmed that (i) it is an independent third party of the Company or any of the Directors, chief executive, substantial shareholders of the Company or any of their respective associates; and (ii) it is not a connected person of the Company and its connected persons.

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Each sub-underwriter has also confirmed that it had not held any Shares as at the date of the relevant Sub-underwriting Agreement.

WARNING OF THE RISK OF DEALING IN THE SHARES

Trading in the Shares has been suspended since 30 July 2008. The Open Offer is conditional upon, inter alia, the fulfilment or waiver of the conditions set out under the paragraph headed “Conditions of the Open Offer” in the Prospectus. In particular, it is subject to the Supplemental Underwriting Agreement having become unconditional and not being terminated in accordance with its terms thereof (a summary of which is set out under the paragraph headed “Termination of the Supplemental Underwriting Agreement” above). The Open Offer may or may not proceed. Any dealing in the Reorganised Shares from the date of the Prospectus up to the date on which all the conditions of the Open Offer are fulfilled or waived will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Reorganised Shares are recommended to consult their own professional advisors. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the securities of the Company.

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SHAREHOLDING STRUCTURES OF THE COMPANY

Scenario #1: Assuming all Shareholders take up their respective entitlements under the Open Offer

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding after the Open Offer (Note 1)		Shareholding after the completion of the Share Consolidation (Note 1)		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Investor Convertible Bonds only (Notes 2, 3)		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Creditors Convertible Bonds only		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Investor Convertible Bonds and Creditors Convertible Bonds (Notes 2, 3)	
	<i>No. of Reorganised Shares</i>		<i>No. of Reorganised Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>	
	%	%	%	%	%	%	%	%	%	%	%	%
The Investor, its ultimate beneficial owner, and parties acting in concert with any of them	-	0.0	-	0.0	-	0.0	1,000,000,000	39.6	-	0.0	1,000,000,000	36.7
Underwriter and sub-underwriters	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Scheme Creditors and New Profit Stakeholders	-	0.0	-	0.0	-	0.0	-	0.0	200,000,000	11.6	200,000,000	7.3
Tower Victory International Limited	65,280,000	29.5	4,491,264,000	29.5	449,126,400	29.5	449,126,400	17.8	449,126,400	26.1	449,126,400	16.5
Sansar Capital Management, LLC	43,463,600	19.6	2,990,295,680	19.6	299,029,568	19.6	299,029,568	11.9	299,029,568	17.4	299,029,568	11.0
Citigroup Inc.	31,536,840	14.3	2,169,734,592	14.3	216,973,459	14.3	216,973,459	8.6	216,973,459	12.6	216,973,459	8.0
Public Shareholders	80,980,240	36.6	5,571,440,512	36.6	557,144,051	36.6	557,144,051	22.1	557,144,051	32.3	557,144,051	20.5
Total	221,260,680	100.0	15,222,734,784	100.0	1,522,273,478	100.0	2,522,273,478	100.0	1,722,273,478	100.0	2,722,273,478	100.0

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Scenario #2: Assuming no Shareholder takes up his respective entitlement under the Open Offer

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding after the Open Offer		Shareholding after the completion of the Share Consolidation		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Investor Convertible Bonds only		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Creditors Convertible Bonds only		Shareholding after the Open Offer, completion of the Share Consolidation and the full conversion of Investor Convertible Bonds and Creditors Convertible Bonds	
	<i>No. of Reorganised Shares</i>		<i>No. of Reorganised Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>		<i>No. of New Shares</i>	
	%		%		%		%		%		%	
			<i>(Note 1)</i>		<i>(Note 1)</i>		<i>(Notes 2, 3)</i>		<i>(Notes 2, 3)</i>		<i>(Notes 2, 3)</i>	
The Investor, its ultimate beneficial owner, and parties acting in concert with any of them	-	0.0	-	0.0	-	0.0	1,000,000,000	39.6	-	0.0	1,000,000,000	36.7
Underwriter and sub-underwriters	-	0.0	15,001,474,104	98.6	1,500,147,410	98.6	1,500,147,410	59.5	1,500,147,410	87.1	1,500,147,410	55.1
Scheme Creditors and New Profit Stakeholders	-	0.0	-	0.0	-	0.0	-	0.0	200,000,000	11.6	200,000,000	7.4
Tower Victory International Limited	65,280,000	29.5	65,280,000	0.4	6,528,000	0.4	6,528,000	0.3	6,528,000	0.4	6,528,000	0.2
Sansar Capital Management, LLC	43,463,600	19.6	43,463,600	0.3	4,346,360	0.3	4,346,360	0.2	4,346,360	0.2	4,346,360	0.2
Citigroup Inc.	31,536,840	14.3	31,536,840	0.2	3,153,684	0.2	3,153,684	0.1	3,153,684	0.2	3,153,684	0.1
Public Shareholders	80,980,240	36.6	80,980,240	0.5	8,098,024	0.5	8,098,024	0.3	8,098,024	0.5	8,098,024	0.3
Total	221,260,680	100.0	15,222,734,784	100.0	1,522,273,478	100.0	2,522,273,478	100.0	1,722,273,478	100.0	2,722,273,478	100.0

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Notes:

1. **Fractional New Shares will be disregarded and not issued to the Shareholders after completion of the Share Consolidation. Shareholders shall bear in mind that the every ten Reorganised Shares (aggregating the Reorganised Shares then held and the Offer Shares subscribed for) on the effective date of the Share Consolidation will then be consolidated into one New Share under the Share Consolidation. Following completion of the Open Offer, the single-digit of the number of Reorganised Shares held by a Shareholder will therefore be disregarded when the Share Consolidation becomes effective. Shareholders shall take this into account when they submit their subscription forms for the Open Offer such that total number of Reorganised Shares held after completion of the Open Offer but before Share Consolidation will be a multiple of ten. For example, a Shareholder holding 80 Reorganised Shares will be allowed to subscribe for 5,420 Offer Shares instead of the entitlement of 5,424 Offer Shares such that he or she will hold 5,500 Reorganised Shares after completion of the Open Offer and 550 New Shares after completion of the Open Offer and the Share Consolidation.**
2. As at the Latest Practicable Date, the Investor has no plan to sell its interests in the Company (whether Shares or Investor Convertible Bonds) and no intention to exercise its rights to convert the Investor Convertible Bonds.

In the event that the general offer obligation on the part of the Investor and parties acting in concert with it is triggered as a result of the conversion of the Investor Convertible Bonds, the Investor and parties acting in concert with it will make a general offer in accordance with the Takeovers Code unless they have applied for, and have been granted by the SFC a waiver of the general offer obligation. In this respect, the Investor has confirmed to the Company that it will comply with the Takeovers Code.

The Investor is not allowed to convert any of the Investor Convertible Bonds in the event that such conversion will lead to the Company's non-compliance with the public float requirement under the Listing Rules.

3. After Closing, the Conversion Price of the Investor Convertible Bonds and Creditors Convertible Bonds will be adjusted from HK\$0.01 per Reorganised Share to HK\$0.10 per New Share as a result of the Share Consolidation and the number of shares convertible by the Convertible Bonds are adjusted accordingly.
4. Before the resumption of trading in the Shares, the Company will make sure that it complies with the public float requirement under the Listing Rules.

As the board lot size of the Old Shares before Suspension was 8,000 Old Shares and the Capital Reorganisation has been effective after 5:00 p.m. on Monday, 20 December 2010, a Shareholder, who held one board lot of Old Shares before suspension, holds 800 Reorganised Shares as at the Latest Practicable Date and will be entitled to subscribe for 54,240 Offer Shares. Therefore, if the Shareholder successfully subscribes for the Open Offer, he/she/it will hold 55,040 Reorganised Shares, which is equivalent to 5,504 New Shares upon the Share Consolidation and resumption of trading. However, if the Shareholder does not or fails to subscribe for the Open Offer, he/she/it will hold 80 New Shares upon the Share Consolidation. The Company will provide matching services for odd lots of New Shares as described in the section headed "Arrangement on odd lot trading" above.

LETTER FROM THE PROVISIONAL LIQUIDATORS/BOARD

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in the retailing of apparels in the PRC.

The Company will receive net proceeds of approximately HK\$146 million after expense from the Open Offer.

All the proceeds will be applied for general working capital and cash buffer for any adverse business conditions and/or hidden costs that the Company might not be fully aware of. Approximately HK\$34.6 million will be used to settle the transfer of the XXEZZ Assets from New Profit Luo Ding to Newco before Closing.

In view of the potential dilution effect of the interests of the Shareholders due to the issue of Investor Convertible Bonds and the Creditors Convertible Bonds, the Open Offer is an opportunity for the Shareholders to participate in the growth of the Group.

Fund raising activities in the past 12 months

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purpose or otherwise within the past 12 months immediately prior to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is made conditional on approval by the Independent Shareholders, that is any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolutions in respect of the Open Offer. Reference is made to the circular of the Company dated 28 June 2011 that Mr. Kwok Wing who is neither interested nor involved in the Restructuring Agreement, was the controlling Shareholder interested in 76,242,400 Reorganised Shares, representing approximately 34.46% share interest in the Company, and therefore Mr. Kwok Wing and his associate are required to abstain from voting in favour of the resolution in respect of the Open Offer in the EGM. Based on the enquiry by the Provisional Liquidators following the EGM, Mr. Kwok Wing no longer had any notifiable interest, as refined under the SFO, in the Company as at the Latest Practicable Date. To the best information, knowledge and belief of the Company and the Provisional Liquidators, there is (i) no Shareholder holding 30% or more of the total issued share capital of the Company; and (ii) no Directors (excluding the independent non-executive Directors), the chief executive of the Company holding any Shares, and therefore is required to abstain from voting in favour of the resolution in respect of the Open Offer in the EGM pursuant to Rule 7.24(5) of the Listing Rules.

LETTER FROM THE PROVISIONAL LIQUIDATORS/BOARD

In addition, as disclosed in the above mentioned circular of the Company, the Interested Shareholders, namely QVT Fund LP and Quintessence Fund LP, holding an aggregate of 108,726 Reorganised Shares, representing approximately 0.05% of share interest in the Company, are interested in the transactions contemplated under the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement), and therefore are required to abstain from voting for the resolutions in respect of the transactions contemplated under the Restructuring Agreement, including the Open Offer.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to the Prospectus.

Yours sincerely,

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

FOK Hei Yu

Roderick John Sutton

*Joint and Several Provisional Liquidators
acting as agents without personal liability*

By order of the Board
TACK FAT GROUP INTERNATIONAL LIMITED
(Provisional Liquidators Appointed)

Choong Khuat Leok

Independent Non-executive Director

1. FINANCIAL INFORMATION

The financial information of the Group for each of the three years ended 31 March 2009, 2010 and 2011 is disclosed in the annual reports of the Company for the years ended 31 March 2009, 2010 and 2011, respectively. The aforementioned financial information of the Group is published on both the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tackfatgroup.com).

2. FINANCIAL AND TRADING PROSPECTS

It is anticipated that the financial position of the Group will be substantially improved upon (i) the successful implementation of the Restructuring Agreement; and (ii) the resumption of trading in the shares on the Stock Exchange. The Investor and the Provisional Liquidators anticipate all existing liabilities owed to the Scheme Creditors and the creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged through the Schemes.

Since 31 March 2011, being the date of the latest published audited accounts of the Company, with the strong and continuous support provided by the Investor to the Group in terms of both business and financial aspects, the Group has been and will be able to sustain its retail business at a sufficient level in upcoming financial years and expand its retail business to a substantial level within a reasonable period of time after the resumption of trading in the Shares on the Stock Exchange.

3. INDEBTEDNESS

As the close of business on 31 May 2011, being the latest practicable date for the purposes of this statement of indebtedness, the Group had in aggregate outstanding borrowings of approximately HK\$1,234.33 million, which comprised of secured loan of approximately HK\$164.50 million.

Save as aforesaid and apart from intra-group liabilities, none of the entities of the Group had any debt securities which are issued and outstanding, or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 31 May 2011.

4. WORKING CAPITAL

The Investor, the Provisional Liquidators, the Directors and the proposed Directors are of the opinion that, with net proceeds from the Open Offer and the subscription of the Investor Convertible Bonds, the Group will have sufficient working capital for the twelve months from the date of the Prospectus.

5. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, the Provisional Liquidators and the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2011, being the date to which the latest published audited financial statements of the Group were made up.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted 15,001,474,104 Offer Shares net tangible assets of the Company prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the issue of the Offer Shares at HK\$0.01 each on the basis of 339 Offer Share for every five Reorganised Shares held on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 March 2011.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer been completed as at 31 March 2011.

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets of the Group based on the consolidated net tangible assets of the Group as at 31 March 2011 and adjusted for the effect of the Open Offer.

Net consolidated tangible assets of the Group as at 31 March 2011 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Open Offer <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2011 immediately after completion of the Open Offer HK\$'000	Net consolidated tangible assets of the Group per Reorganised Share as at 31 March 2011 prior to completion of the Open Offer <i>(Note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Reorganised Share as at 31 March 2011 immediately after completion of the Open Offer <i>(Note 4)</i> HK\$
(1,387,625)	146,000	(1,241,625)	(6.2714)	(0.0816)

Notes:

1. The amount represents the consolidated net tangible assets of the Group as at 31 March 2011 which were extracted from the audited statement of financial position of the Group as at 31 March 2011 as set out in the results announcement of the Company for the year ended 31 March 2011.
2. The estimated net proceeds from the Open Offer of approximately HK\$146 million are based on 15,001,474,104 Offer Shares to be issued at HK\$0.01 each, after deduction of underwriting commission of approximately HK\$4 million to be incurred by the Company.
3. The consolidated net tangible assets of the Group per Reorganised Share prior to completion of the Open Offer is based on 221,260,680 Reorganised Shares in issue as at 31 March 2011.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Reorganised Share immediately after completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group immediately after completion of the Open Offer and on the basis of 15,222,734,784 Reorganised Shares comprising 221,260,680 Reorganised Shares in issue as at 31 March 2011 and 15,001,474,104 Offer Shares.
5. The above adjustment does not take into account the effect of the Share Consolidation. If the effect of the Share Consolidation is taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group per New Share as at 31 March 2011 immediately after the Open Offer and the Share Consolidation will be ten times as that of unaudited pro forma adjusted consolidated net tangible assets of the Group per Reorganised Share.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**To the Provisional Liquidators of Tack Fat Group International Limited (Provisional Liquidators Appointed)**

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Tack Fat Group International Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (the "Group"), which has been prepared by the Provisional Liquidators, the Directors and the proposed Directors for illustrative purposes only, to provide information about how the proposed Open Offer of 15,001,474,104 Offer Shares at HK\$0.01 each on the basis of every 339 Offer Shares for every five Reorganised Shares held might have affected the financial information presented, for inclusion in Appendix II to the Prospectus of the Company dated 14 July 2011 (the "Prospectus"). The basis of preparation of the unaudited pro forma statement of adjusted consolidated net tangible assets is set out on pages 35 to 36 to the Prospectus.

Respective responsibilities of the Provisional Liquidators, the Directors and the proposed Directors of the Company and Reporting Accountants

It is the responsibility solely of the Provisional Liquidators, the Directors and the proposed Directors of the Company to prepare the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of financial position beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial position with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group with the Provisional Liquidators, the Directors and the proposed Directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the Provisional Liquidators, the Directors and the proposed Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma statement of adjusted net tangible assets as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is for illustration purpose only, based on the judgments and assumptions of the Provisional Liquidators, the Directors and the proposed Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2011 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the Provisional Liquidators, the Directors and the proposed Directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Hopkins CPA Limited

Certified Public Accountants

Albert Man-Sum Lam

Practising Certificate Number – P02080

Hong Kong

1. RESPONSIBILITY STATEMENT

The Prospectus, for which the Provisional Liquidators and the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Provisional Liquidators and the Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in the Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Prospectus misleading.

2. SHARE CAPITAL

Authorised share capital:

		<i>HK\$</i>
<u>50,000,000,000</u>	Shares as at the Latest Practicable Date	<u>500,000,000.00</u>

Issued and fully paid or credited as fully paid:

221,260,680	Reorganised Shares in issue as at the Latest Practicable Date	2,212,606.80
15,001,474,104	Offer Shares to be allotted under the Open Offer	150,014,741.04

1,522,273,478	New Shares to be issued immediately upon completion of the Open Offer and the Share Consolidation	152,227,347.80
1,000,000,000	New Shares (as adjusted for the Share Consolidation) to be issued upon exercise in full the conversion rights under the Investor Convertible Bonds	100,000,000.00
200,000,000	New Shares (as adjusted for the Share Consolidation) to be issued upon exercise in full the conversion rights under the Creditors Convertible Bonds	20,000,000.00
<u>2,722,273,478</u>		<u>272,227,347.80</u>

As at the Latest Practicable Date, no share, option, warrant, conversion right or any equity or debt securities of the Company is outstanding or is proposed to be issued (save for any option may be issued pursuant to the share option scheme of the Company) for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Open Offer, the Share Consolidation and the Convertible Bonds. The Company has not issued any new Shares since 31 March 2011, the end of last financial year.

Save as disclosed in the Prospectus, no share or loan capital of the Company has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted. There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

The Shares are listed on the Main Board of the Stock Exchange. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under Section 352 of the SFO.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Provisional Liquidators and the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

*Interest in the Shares and underlying Shares:**(i) Long positions in the Shares*

Name of substantial Shareholders	Capacity/Nature	No. of Reorganised Shares held	Approximate shareholder percentage
Fidelitycorp Limited <i>(Note 1)</i>	Interest in a controlled corporation (as trustee for Moon Light Trust)	10,000,000,000	4,519.56%
Moon Light Investments Group Limited <i>(Note 1)</i>	Interest in a controlled corporation	10,000,000,000	4,519.56%
Radford Developments Limited <i>(Note 1)</i>	Beneficial owner	10,000,000,000	4,519.56%
Asian Capital <i>(Note 2)</i>	Beneficial Interest	15,001,474,104	98.54%
Asian Capital Holdings Limited <i>(Note 2)</i>	Interest in a controlled corporation	15,001,474,104	98.54%
Corporate Wise Limited <i>(Note 2)</i>	Interest in a controlled corporation	15,001,474,104	98.54%
Master Link Assets Limited <i>(Note 2)</i>	Interest in a controlled corporation	15,001,474,104	98.54%
Yeung Kai Cheung Patrick <i>(Note 2)</i>	Interest in a controlled corporation	15,001,474,104	98.54%
Kwok Wing <i>(Note 3)</i>	Interest in a controlled corporation	76,242,400	34.46%
Wan Lai Ngan <i>(Note 4)</i>	Interest of spouse	76,242,400	34.46%
Efulfilment Enterprises Limited <i>(Note 5)</i>	Beneficial owner	65,280,000	29.50%
Kwok Chiu <i>(Note 5)</i>	Interest in a controlled corporation	65,280,000	29.50%
Sansar Capital Management, LLC <i>(Note 6)</i>	Investment manager	43,463,600	19.64%

Name of substantial Shareholders	Capacity/Nature	No. of Reorganised Shares held	Approximate shareholder percentage
Sansar Capital Master Fund, LP	Beneficial owner	26,227,590	11.85%
Sansar Capital Special Opportunity Master Fund, LP	Beneficial owner	15,239,640	6.89%
Active Dynamic Limited (Note 7)	Interest in a controlled corporation	2,900,000,000	19.05%
Chu Yuet Wah (Note 7)	Interest in a controlled corporation	2,900,000,000	19.05%
Galaxy Sky Investments Limited (Note 7)	Interest in a controlled corporation	2,900,000,000	19.05%
Kingston Capital Asia Limited (Note 7)	Interest in a controlled corporation	2,900,000,000	19.05%
Kingston Financial Group Limited (Note 7)	Interest in a controlled corporation	2,900,000,000	19.05%
Kingston Securities Limited (Note 7)	Beneficial Interest	2,900,000,000	19.05%
Get Nice Holdings Limited (Note 8)	Interest in a controlled corporation	2,900,000,000	19.05%
Get Nice Incorporated (Note 8)	Interest in a controlled corporation	2,900,000,000	19.05%
Get Nice Securities Limited (Note 8)	Beneficial Interest	2,900,000,000	19.05%
Citigroup Inc.	Interest in a controlled corporation	31,536,840	14.25%
	Lending pool	523,940	0.24%
Tower Victory International Limited (Note 9)	Beneficial owner	65,280,000	29.50%
Shen Dong (沈東) (Note 9)	Interest in a controlled corporation	65,280,000	29.50%

(ii) Short positions in the Shares

Name of substantial Shareholders	Capacity/Nature	No. of Reorganised Shares held	Approximate shareholder percentage
Asian Capital	Derivative interests	15,001,474,104	98.54%
Asian Capital Holdings Limited	Derivative interests	14,240,434,104	93.54%
Corporate Wise Limited	Derivative interests	15,001,474,104	98.54%
Master Link Assets Limited	Derivative interests	14,240,434,104	93.54%
Yeung Kai Cheung Patrick	Derivative interests	14,240,434,104	93.54%

Notes:

- The issued share capital of Radford Developments Limited is wholly owned by Moon Light Investments Group Limited, which in turn is wholly owned by Fidelitycorp Limited. Fidelitycorp Limited is the trustee for Moon Light Trust.
- The 15,001,474,104 Reorganised Shares represents the shares of which Asian Capital as the Underwriter has undertaken to underwrite in respect of the Open Offer. Asian Capital is wholly owned by Corporate Wise Limited, which in turn is wholly owned by Asian Capital Holdings Limited. The latter is owned as to 52.56% by Master Link Assets Limited, which is in turn wholly owned by Yeung Kai Cheung Patrick. Yeung Kai Cheung Patrick is therefore deemed to be interested in the 15,001,474,104 Reorganised Shares held by Asian Capital under the SFO.
- These Reorganised Shares were held as to 65,280,000 shares by Efulfilment Enterprises Limited and as to 10,962,400 shares by Sharp Asset Holdings Limited. Mr. Kwok Wing beneficially owns 50% of the issued share capital of Efulfilment Enterprises Limited and 100% of Sharp Asset Holdings Limited. Based on the enquiry by the Provisional Liquidators following the EGM, Mr. Kwok Wing, who was a controlling Shareholder interested in 76,242,400 Reorganised Shares, representing approximately 34.46% of the total issued share capital of the Company, no longer had any notifiable interest, as defined under the SFO, in the Company as at the Latest Practicable Date.
- Ms. Wan Lai Ngan is the spouse of Mr. Kwok Wing (the former chairman and executive director of the Company who retired on 6 October 2009) and was therefore deemed to be interested in the Shares held or deemed to be held by Mr. Kwok Wing under the SFO. Based on the enquiry by the Provisional Liquidators following the EGM, Mr. Kwok Wing no longer had any notifiable interest, as defined under the SFO, in the Company as at the Latest Practicable Date.
- The issued share capital of Efulfilment Enterprises Limited is beneficially owned as to 50% by Mr. Kwok Chiu and 50% by Mr. Kwok Wing, the former chairman and executive Director. Mr. Kwok Chiu was therefore deemed to be interested in the Shares held by Efulfilment Enterprises Limited under the SFO. Based on the enquiry by the Provisional Liquidators following the EGM, Mr. Kwok Wing no longer had any notifiable interest, as defined under the SFO, in the Company as at the Latest Practicable Date.

6. These interests include the Shares held by Sansar Capital Master Fund, LP and Sansar Capital Special Opportunity Master Fund, LP. Reference is made to the announcement of the Company dated 11 July 2011, Sansar Capital Management, LLC, Sansar Capital Master Fund, LP., and Sansar Capital Special Opportunity Master Fund, LP., had entered into a share purchase agreement to dispose their entire interest in the Company to a party independent to the Company, the Provisional Liquidators and the Investor.
7. The 2,900,000,000 Reorganised Shares represents the shares of which Kingston Securities Limited as the sub-underwriter has undertaken to sub-underwrite in respect of the Open Offer. Kingston Securities Limited is wholly owned by Galaxy Sky Investments Limited, which in turn is wholly owned by Kingston Capital Asia Limited. The latter is wholly owned by Kingston Financial Group Limited, which is in turn owned as to 43.68% by Active Dynamic Limited, which is in turn wholly owned by Chu Yuet Wah. Chu Yuet Wah is therefore deemed to be interested in the 2,900,000,000 Reorganised Shares held by Kingston Securities Limited under the SFO.
8. The 2,900,000,000 Reorganised Shares represents the shares of which Get Nice Securities Limited as the sub-underwriter has undertaken to sub-underwrite in respect of the Open Offer. Get Nice Securities Limited is wholly owned by Get Nice Incorporated, which in turn is wholly owned by Get Nice Holdings Limited. Get Nice Holdings Limited is therefore deemed to be interested in the 2,900,000,000 Reorganised Shares held by Get Nice Securities Limited under the SFO.
9. Tower Victory International Limited is wholly owned by Shen Dong (沈東), therefore, Shen Dong (沈東) is deemed to be interested in 65,280,000 shares held by Tower Victory International Limited under the SFO.

4. DIRECTORS' INTEREST IN ASSETS

None of the Directors or proposed Directors had any direct or indirect interest in any assets which have been, since 31 March 2011 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

5. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course) within the two years immediately preceding the date of the 1st Announcement and up to the Latest Practicable Date and are or may be material:

- (i) the Exclusivity and Escrow Agreement;
- (ii) the Settlement Deed;
- (iii) the sale and purchase agreement dated 29 May 2009 for the sale of entire interests in Lantern Services Limited, Potter Industries Limited and Sino Profit Limited at a nominal consideration of HK\$1;
- (iv) the side letter dated 8 July 2009 entered into by the Provisional Liquidators and the Investor pursuant to which the exclusivity period was extended by a 6-month period to 12 January 2010;

- (v) the side letter dated 8 January 2010 entered into by the Provisional Liquidators and the Investor pursuant to which the Investor agreed to extend the exclusivity period under the Escrow and Exclusivity Agreement by a further 6-month period to 11 July 2010;
- (vi) the supplemental deed to the Settlement Deed dated 9 April 2010 to extend the period of not exercising their respective share charge over the Ever Century Shares from 12 months to 24 months from the date of the Settlement Deed;
- (vii) the Restructuring Agreement;
- (viii) the Investor Subscription Agreement;
- (ix) the Underwriting Agreement;
- (x) the Creditors Subscription Agreement;
- (xi) the New Profit Agreement;
- (xii) the Supplemental Restructuring Side Letter;
- (xiii) the second supplemental deed to the Settlement deed dated 18 May 2011 to extend the period of not exercising the share charge over the Ever Century Shares from 12 months to 36 months from the date of the Settlement Deed;
- (xiv) the Second Supplemental Restructuring Side Letter;
- (xv) the Supplemental Investor Subscription Agreement;
- (xvi) the Supplemental Creditors Subscription Agreement; and
- (xvii) the Supplemental Underwriting Agreement.

6. CORPORATE INFORMATION

The Company

Registered office

Century Yard
Cricket Square, Hutchins Drive
George Town, Grand Cayman
Cayman Islands
British West Indies

Head office and principal place of business

c/o FTI Consulting (Hong Kong) Limited (formerly known as
FS Asia Advisory Limited and Ferrier Hodgson Limited)
14th Floor, The Hong Kong Club Building
3A Chater Road, Central, Hong Kong

Other parties

<i>Financial advisor and the Underwriter</i>	Asian Capital (Corporate Finance) Limited Suite 1006, Bank of America Tower 12 Harcourt Road, Central, Hong Kong
<i>Auditor</i>	Hopkins CPA Limited 3/F, Sun Hung Kai Centre 30 Harbour Road, Hong Kong
<i>Legal advisor as to Hong Kong laws (in relation to the Open Offer)</i>	Sidley Austin Level 39 Two International Finance Centre 8 Finance Street Central, Hong Kong
<i>Legal advisor as to Cayman Islands laws</i>	Walkers 15th Floor, Alexandra House 18 Chater Road, Central, Hong Kong
<i>Hong Kong branch share registrar of the Company</i>	Tricor Tengis Limited 26th Floor Tesbury Centre 28 Queen's Road East Hong Kong

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors (including the proposed Directors), had any existing or proposed service contract with the Company or any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

None of the Directors was materially interested in any contract or arrangement subsisting at the date of the Prospectus which was significant to the business of the Group

8. LITIGATION

Pursuant to an order of the Hong Kong Court dated 11 September 2008, Mr. Fok Hei Yu and Mr. Roderick John Sutton were appointed as Provisional Liquidators, following a winding-up petition presented by the Company itself with Bank of America N.A being the supporting Creditor.

Upon the appointment of Provisional Liquidators, no action or proceeding shall be proceeded with or commenced against the Company except by leave of the Hong Kong Court, and subject to such terms as the Hong Kong Court may impose. Claims and potential claims against the Company will be compromised under the Schemes to be implemented by the Company and sanctioned by the Hong Kong Court and the Cayman Islands Court.

Save as disclosed above, the Provisional Liquidators, also acting as directors of certain subsidiaries, are not aware of any existing or potential legal proceedings against the members of the Group which would have a material effect to the operations of the Group as at the Latest Practicable Date.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors and his respective associates was considered to have an interest in a business which competes or is likely to complete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his associates were appointed to represent the interests of the Company and/or the Group.

10. PARTICULARS OF DIRECTORS AND PROPOSED DIRECTORS

(a) Name and address of Directors

Non-executive Director:

Mr. James D. McMullen	14308 Beverly Overland Park KS66223 United States
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Independent non-executive Directors:

Mr. Pau Chin Hung, Andy	Room 1015, Shek Jing House Chun Shek Estate, Shatin New Territories, Hong Kong
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Mr. Choong Khuat Leok	Suite 4304 43/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
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Mr. Kooi Tock Chian	4A, Block 6, Beacon Heights Kowloon, Hong Kong
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(b) Name and address of proposed Directors*Proposed executive Directors:*

Mr. King, Phillip	32nd Floor, China United Centre 28 Marble Rod North Point, Hong Kong
Mr. Ho Tak Fun, Josef	22nd Floor, China United Centre 28 Marble Rod North Point, Hong Kong
Mr. Chiu Siu Po	2nd Floor, 15 Wang Chiu Road Kowloon Bay, Hong Kong

The biographical details of the Directors and the proposed Directors are as follows:

Non-executive Director:

Mr. James D. McMullen, aged 40, is graduated from the University of Kansas School of Law in the United States of America with a J.D. degree with Order of the Coif. He is also a graduate of the University of Georgetown with a degree in Bachelor of Science in Foreign Service, cum laude. Mr. McMullen is a partner of Shapiro, Protzman and McMullen, P.A., a law firm in the United States of America.

Independent Non-executive Directors:

Mr. Pau Chin Hung, Andy, aged 35, received a Bachelor of Finance degree in The Hong Kong University and Science Technology in 1997. He has over 10 years' experience in financial and securities industry. He is also a managing director of a private equity fund in Hong Kong. At the same time, he is a director of China Oil & Methanol Group, Inc., a company listed in the United States of America.

Mr. Choong Khuat Leok, aged 49, was the chief financial officer, company secretary, qualified accountant and authorised representative (for the purpose of Listing Rules) of Byford International Limited ("**Byford**") (Stock Code: 8272), a company listed on the GEM Board of the Stock Exchange, from November 2003 to July 2006. Mr. Choong was a non-executive director of Byford from 1 March 2003 to 10 September 2004 and was subsequently re-designated as an alternate director to Mr. Chai Sing Hong, an executive director of Byford, from 10 September 2004 to 31 July 2006. Mr. Choong is a Chartered Accountant in the United Kingdom and retired as a partner of Deloitte Touche Tohmatsu in Hong Kong in May 2002. He has over 20 years of experience in the corporate finance, assurance and advisory services.

Mr. Choong served as a member of the Auditing Standards Committee of the Hong Kong Society of Accountants (now the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”)) from 1993 to 1999 and is currently a fellow member of the Institute of Chartered Accountants in England and Wales (“**ICAEW**”), an associate and practising member of the HKICPA, a member of the Hong Kong Securities Institute and was an investment representative under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong, repealed in 2002) from March 2001 to February 2003.

Mr. Choong is an accountancy graduate of the London Guildhall University (formerly the City of London Business School) and obtained an MBA degree awarded by the J.L. Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology. In 2006, Mr. Choong was awarded an advanced diploma in Corporate Finance from the ICAEW. Following the successful restructuring and moving of all operations of Sinobiomed Inc. to the U.S. in June 2011, Mr. Choong resigned as the Chief Financial Officer of Sinobiomed Inc., a company listed on Over-The-Counter Bulletin Board, the over-the-counter securities market in the United States of America.

Mr. Kooi Tock Chian, aged 45, graduated with a Bachelor of Science degree in Business Administration from Rochester Institute of Technology in the United States of America. Mr. Kooi began his career with Ernst & Young in New York and has more than 10 years of working experience in the field of Accounting and Insolvency Practice in the United States of America.

Proposed Executive Directors:

Mr. King, Phillip, aged 40, received a Master’s degree in Business Administration from the University of San Francisco in the United States of America. He has over 20 years of experience in real estate investment, management and development. Since 2005, Mr. King has been appointed executive director and the managing director of Willie International Holdings Limited, a company listed on the Main Board of the Stock Exchange. Mr. King was also an independent non-executive director of Glory Future Group Limited (presently known as China Metal Resources Holdings Limited), a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8071) which he subsequently resigned on 20 November 2007. He has experience in administration, strategic development and investor relations for listed companies in Hong Kong.

Mr. Ho Tak Fun, Josef, aged 57, received a Bachelor degree in Business Administration, Marketing from The Chinese University of Hong Kong and a Master degree in Science, Information Systems from the Hong Kong Polytechnic University. He was the general manager of Jumbo Grade Co., Limited, which runs leading retail chain stores in books, magazines, stationery and specialty items and he has held the position as General Manager in the past 20 years with good exposure to international business. Mr. Ho is a seasoned retail practitioner with profound experience in launching, strategic planning, business development and operations of both the PRC and Hong Kong retail businesses. He also has extensive knowledge in marketing, merchandising, distribution and promotion on consumer products and mass merchandise.

Mr. Chiu Siu Po, aged 62, is the managing director and chief executive officer of More Fortune Company Limited, a company principally engaged in import and export of textile business. Mr. Chiu has over 20 years of experience in textile industry for the manufacturing, sales and distribution. Mr. Chiu was an independent non-executive director of Freeman Corporation Limited (presently known as Freeman Financial Corporation Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 279) and had resigned on 22 September 2010. In addition to his valuable expertise in textile industry, Mr. Chiu also has extensive corporate and investment experience in both Hong Kong and the PRC markets.

11. EXPERT AND CONSENT

The following is the name and the qualification of the expert who has given opinion or advice which is contained in the Prospectus:

Name	Qualification
Hopkins CPA Limited	Certified Public Accountants

Hopkins CPA Limited has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its report and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Hopkins CPA Limited did not have any shareholding in any member of the Group, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either direct or indirect, in any assets which had been since 31 March 2011 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

The report on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group from Hopkins CPA Limited is given as of the date of the Prospectus for incorporation herein.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance.

13. EXPENSES

The expenses in connection with the Open Offer, mainly the underwriting commission, are approximately HK\$4 million payable by the Company. The listing fees arising from the completion of the Open Offer and the Share Consolidation will be approximately HK\$50,000 and payable the Company.

14. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by the shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from the date of the Prospectus up to and including the Latest Time for Acceptance (during normal business hours on any weekday, except public holidays) at FTI Consulting (Hong Kong) Limited, 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong:

- (i) Memorandum and Articles of Association;
- (ii) the annual reports of the Company for the two financial years ended 31 March 2010 and 31 March 2011;
- (iii) the report from Hopkins CPA Limited on unaudited pro forma financial information of the Group dated 14 July 2011, the text of which is set out in Appendix II to this prospectus;
- (iv) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (v) all material contracts referred to in the paragraph headed “Material Contracts” in this appendix.