

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



TACK FAT GROUP INTERNATIONAL LIMITED

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

(1) RESTRUCTURING OF THE COMPANY BY WAY OF THE NEW PROPOSAL INVOLVING

**(A) PROPOSED OPEN OFFER ON THE BASIS OF 339 OFFER SHARES FOR
EVERY 5 REORGANISED SHARES HELD ON THE OPEN OFFER RECORD DATE;**

(B) PROPOSED ISSUE OF INVESTOR CONVERTIBLE BONDS;

(C) PROPOSED ISSUE OF CREDITORS CONVERTIBLE BONDS;

**(D) PROPOSED SHARE CONSOLIDATION
AND**

(E) CHANGE IN BOARD LOT SIZE

**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

Reference is made to the announcements of the Company dated 20 October 2010 and 19 May 2011 in relation to a new proposal by the Investor for the restructuring of the Company and the announcements of the Company dated 6, 8 and 14 December 2010 in relation to the completion of the Capital Reorganisation and the trading arrangements.

Reference is also made to the announcement of the Company dated 27 May 2011 in relation to the Resumption Conditions. The Company is pleased to announce its implementation of the New Proposal with an aim to fulfilling the Resumption Conditions.

The principal elements of the New Proposal are materially the same as the Previous Proposal as described in the Previous Circular that there will be the Open Offer and the issue of the Convertible Bonds with the same terms. The Restructuring Agreement (as amended by the Supplemental Restructuring Side Letter) has been amended by the Second Supplemental Restructuring Side Letter, pursuant to which, it is agreed, *inter alia*, that the Investor will no longer sub-underwrite the Open Offer. As such, the Investor and the parties acting in concert with it will not trigger any general offer obligations under the Takeovers Code and the Whitewash Waiver application is not required and furthermore, the Company's settlement of Claims with those Creditors who are also Shareholders no longer requires a consent of the Executive as Rule 25 of the Takeovers Code is no longer applicable to the New Proposal. The Open Offer will be sub-underwritten by not less than 4 sub-underwriters who are independent third parties. The New Proposal will give all the Shareholders, especially those holding in aggregate up to approximately 75% of the voting rights of the Company who did not vote in person or by proxy in the Previous EGM, another chance to participate in the restructuring of the Company.

THE RESTRUCTURING AGREEMENT AND THE SUPPLEMENTAL RESTRUCTURING SIDE LETTERS

On 26 May 2010, 24 August 2010 and 27 May 2011, the Company, the Provisional Liquidators, the Investor and the Escrow Agent entered into the Restructuring Agreement, the Supplemental Restructuring Side Letter and the Second Supplemental Restructuring Side Letter respectively, which provided for, *inter alia*, the proposed terms for the Capital Reorganisation (which has become effective after 5:00 p.m. on Monday, 20 December 2010 as announced by the Company on 6 and 8 December 2010), the Open Offer, the issue of the Investor Convertible Bonds, the debt restructuring including the Schemes and the issue of the Creditors Convertible Bonds, and the Share Consolidation. Detailed terms of these proposed transactions are set out in the relevant sections below.

PROPOSED OPEN OFFER

Pursuant to the Restructuring Agreement, the Company agreed to raise approximately HK\$150 million before expenses, by way of the Open Offer of 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 5 Reorganised Shares to be held by the Qualifying Shareholders on the Open Offer Record Date and payable in full on application. The Offer Shares will have a nominal amount of approximately HK\$150 million in aggregate. The invitation to subscribe for Offer Shares to be made to the Qualifying Shareholders will not be 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.

UNDERWRITING ARRANGEMENT

The Company and the Underwriter will enter into the Supplemental Underwriting Agreement to supersede the Underwriting Agreement prior to the despatch of the Circular. Pursuant to the Supplemental Underwriting Agreement, the Underwriter will conditionally agree to fully subscribe or procure subscriber(s) to subscribe for the Untaken Shares. The maximum number of the Untaken Shares to be underwritten by the Underwriter is 15,001,474,104 Offer Shares.

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 will enter into Sub-underwriting Agreements with not less than 4 sub-underwriters, each of them will sub-underwrite such number of Untaken Shares which will not result in any of the sub-underwriters holding 30% or more of the issued share capital of the Company as enlarged by the Open Offer. Each of the sub-underwriters will be 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.

In view of the maximum number of Untaken Shares to be sub-underwritten by sub-underwriters, it is expected that none of the sub-underwriters will incur any general offer obligations under the Takeovers Code.

WARNING OF THE RISK OF DEALING IN SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the satisfaction of the conditions described in section “3.11 Conditions of the Open Offer” and the Supplemental Underwriting Agreement having been executed and not having been terminated. Accordingly, the Open Offer may or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisors.

As the Subscription Price of HK\$0.01 per share approaches to the extremity trading price, pursuant to Rule 13.64 of the Listing Rules, the Company has decided to conduct the Share Consolidation before the resumption of trading to establish, if possible, a transacted price for the New Shares immediately prior to the resumption of trading in the New Shares away from the extremity of HK\$0.01. Details of the proposed terms of the Share Consolidation are set out in section “7. Proposed Share Consolidation and change in board lot size”. To minimise 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 will be despatched on or before Friday, 5 August 2011 to the Shareholders by ordinary post at their own risk.

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 1 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 when the Share Consolidation becomes effective. Shareholders shall take this into account when they submit their subscription 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 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.

SUBSCRIPTION OF INVESTOR CONVERTIBLE BONDS

The Company, the Provisional Liquidators and the Investor entered into the Supplemental Investor Subscription Agreement on 27 May 2011 to supersede the Investor Subscription Agreement and to provide for the adjustment effect to the Conversion Price due to the Share Consolidation. There is no material change to the Investor Subscription Agreement and the terms of the Investor Convertible Bonds pursuant to the Second Supplemental Restructuring Side Letter and the Supplemental Investor Subscription Agreement.

Completion of the Supplemental Investor Subscription Agreement is conditional upon, *inter alia*, approval by the Independent Shareholders in the New EGM of the transactions contemplated under the Restructuring Agreement and the Supplemental Investor Subscription Agreement including, but not limited to, the issue of the Investor Convertible Bonds and the Conversion Shares.

The initial Conversion Price of the Investor Convertible Bonds is HK\$0.01 per Reorganised Share (subject to adjustment, i.e. the Share Consolidation and other adjustments described in section “4.2 Principal terms of the Investor Convertible Bonds”).

Based on the initial Conversion Price of HK\$0.01 per Reorganised Share and assuming full conversion of Investor Convertible Bonds, the Investor Convertible Bonds will be convertible into 10,000,000,000 Reorganised Shares (representing an aggregate nominal value of HK\$100 million).

The holders of the Investor Convertible Bonds will have the right to convert the whole or any part of the outstanding principal amount of the Investor Convertible Bonds into Conversion Shares at any time during the period commencing on the Closing Date and ending on seven days before the maturity date at the Conversion Price.

No application will be made for the listing of the Investor Convertible Bonds. An application will be made as soon as practicable to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

SUBSCRIPTION OF CREDITORS CONVERTIBLE BONDS

The Company, the Provisional Liquidators, New Profit and Key Winner entered into the Supplemental Creditors Subscription Agreement on 27 May 2011 to supersede the Creditors Subscription Agreement and to provide for the adjustment effect of the Conversion Price due to the Share Consolidation. There is no material change to the Creditors Subscription Agreement and the terms of the Creditors Convertible Bonds pursuant to the Second Supplemental Restructuring Side Letter and the Supplemental Creditors Subscription Agreement.

Completion of the Supplemental Creditors Subscription Agreement is conditional upon, *inter alia*, the approval by the Independent Shareholders in the New EGM of transactions contemplated under the Restructuring Agreement and the Supplemental Creditors Subscription Agreement including but not limited to the issue of the Creditors Convertible Bonds and the Conversion Shares.

The initial Conversion Price of the Creditors Convertible Bonds is also HK\$0.01 per Reorganised Share (subject to adjustment, i.e. the Share Consolidation and other adjustments described in section “5.2 Principal terms of the Creditors Convertible Bonds”).

Based on the initial Conversion Price of HK\$0.01 per Reorganised Share and assuming full conversion of the Creditors Convertible Bonds, the Creditors Convertible Bonds will be convertible into 2,000,000,000 Reorganised Shares (representing an aggregate nominal value of HK\$20 million).

The holders of the Creditors Convertible Bonds will have the right to convert the whole or any part of the outstanding principal amount of the Creditors Convertible Bonds into Conversion Shares at any time during the period commencing on the Closing Date and ending on seven days before the maturity date at the Conversion Price.

No application will be made for the listing of the Creditors Convertible Bonds. An application will be made as soon as practicable to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, the Company has decided to implement the Share Consolidation immediately after the Open Offer and before the resumption of trading in the Shares on the basis that every 10 issued and unissued Reorganised Shares of HK\$0.01 each will be consolidated into one New Share of HK\$0.10 each. Fractional New Shares will be disregarded and not issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company. 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.

As at the date of this announcement, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Reorganised Shares of HK\$0.01 each, of which 221,260,680 Reorganised Shares have been issued as fully paid or credited as fully paid. Had the Share Consolidation become effective as at the date of this announcement, the authorised share capital of the Company should become HK\$500,000,000 divided into 5,000,000,000 New Shares of HK\$0.10 each, of which 22,126,068 New Shares should be in issue.

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.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Share Consolidation.

Subject to completion of the Share Consolidation and the Open Offer, the Company will post the new share certificates in yellow in colour for the New Shares, which include the New Shares consolidated from the Reorganised Shares and the Offer Shares, to the Shareholders at its expenses on Friday, 5 August 2011.

If the Share Consolidation is completed but the Open Offer is terminated, the Company will post the new share certificates in yellow in colour for the New Shares, which only include the New Shares consolidated from the Reorganised Shares to the Shareholders at its expenses within 10 days after the date of termination, which is expected to be no later than Friday, 12 August 2011.

However, if the Share Consolidation is not approved by the Shareholders in the New EGM, which is one of the conditions precedent to the Open Offer, no matter whether the Open Offer is approved or not in the New EGM, the Open Offer will terminate and the Company will post the new share certificates for the Reorganised Shares to the Shareholders at its expenses within 10 days after the date of the New EGM, which is expected to be Friday, 22 July 2011.

The old share certificates of the Old Shares, which are blue in colour, will be automatically void upon the despatch of the new share certificates.

GENERAL

Pursuant to the requirements of the Listing Rules, since the Open Offer would increase the issued share capital of the issuer by more than 50% within the 12 month period immediately preceding the date of this announcement, the Open Offer is conditional on the approval by the Independent Shareholders by way of poll in the New EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, 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 Open Offer. As at the date of this announcement, Mr. Kwok Wing and his associates held 76,242,400 Reorganised Shares representing 34.46% of the issued share capital of the Company. Accordingly, Mr. Kwok Wing and his associates shall abstain from voting in favour of the proposed resolution approving the Open Offer in the New EGM.

The Interested Shareholders, namely QVT and Quintessence, holding an aggregate of 108,726 Reorganised Shares, representing approximately 0.05% of existing issued share capital of the Company, who are interested in the transactions contemplated under the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement), therefore the Interested Shareholders and their associates shall abstain from voting for the resolutions in respect of these transactions in the New EGM. Except for the Interested Shareholders, there are no Shareholders having an interest (other than solely as a Shareholder) in or involved in the transactions contemplated under the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement), therefore no other Shareholder is required to abstain from voting for the resolutions in respect of these transactions in the New EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok and Mr. Kooi Tock Chian, has been established to make recommendations to the Independent Shareholders in respect of the Restructuring Agreement (including the Open Offer, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement).

ICAL has been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Restructuring Agreement (including the Open Offer, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement) are fair and reasonable and advise the Independent Shareholders on how they should vote in respect of these resolutions.

The Circular, including, among other things, details of (i) the Open Offer; (ii) the Convertible Bonds; (iii) the Share Consolidation; (iv) the recommendations of the Independent Board Committee; and (v) a letter of advice from ICAL to the Independent Board Committee and the Independent Shareholders in relation to the Restructuring Agreement is expected to be despatched on Monday, 27 June 2011.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to certain conditions precedent of the Open Offer being satisfied.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

The transactions contemplated under the Restructuring Agreement, the Supplemental Investor Subscription Agreement, the Supplemental Creditors Subscription Agreement and the Supplemental Underwriting Agreement are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise.

Trading in the shares of the Company has been suspended at the request of the Company since 9:30 a.m. on 30 July 2008 and will remain suspended until further notice. Until satisfaction of all the Resumption Conditions set by the Listing Division, trading in the shares will continue to be suspended. The release of this announcement does not indicate that the trading in the Shares will be resumed and that the listing approval for the New Shares and/or Conversion Shares will be granted.

Due to the different scenarios in relation to the despatch of the new share certificates pursuant to the Capital Reorganisation, the Open Offer and the Share Consolidation as set out in section “7.7 Posting of new share certificates of the New Shares”, the Shareholders shall pay attention to the arrangements contained herein and in any future announcement(s) of the Company.

1. INTRODUCTION

Reference is made to the announcements of the Company dated 20 October 2010 and 19 May 2011 in relation to a new proposal by the Investor for the restructuring of the Company and the announcements of the Company dated 6, 8 and 14 December 2010 in relation to the completion of the Capital Reorganisation and the trading arrangements.

Reference is also made to the announcement of the Company dated 27 May 2011 in relation to the Resumption Conditions. The Company is pleased to announce its implementation of the New Proposal with an aim to fulfilling the Resumption Conditions.

On 27 May 2011, pursuant to the New Proposal, the Company, the Provisional Liquidators, the Investor and the Escrow Agent entered into the Second Supplemental Restructuring Letter, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement. Details of these terms of the agreements are set out below.

1.1 Reasons for the New Proposal

In the Previous EGM, all of the resolutions in relation to the restructuring of the Company, except for the appointment of the new Directors upon Closing, as set out in the Previous Circular were voted down by the Independent Shareholders voted in person or by proxy.

However, the Provisional Liquidators still believe that the restructuring of the Company is in the interest of all the Shareholders and it was announced by the Company on 20 October 2010 that the Investor had indicated an intention to make a new proposal for the restructuring of the Company. Following lengthy discussion among the Provisional Liquidators and the Investor, the New Proposal was arrived at which the Provisional Liquidators consider it a rescue of the Company.

The principal elements of the New Proposal are materially the same as the Previous Proposal as described in the Previous Circular that there will be the Open Offer and the issue of the Convertible Bonds with the same terms. The Restructuring Agreement (as amended by the Supplemental Restructuring Side Letter) has been further amended by the Second Supplemental Restructuring Side Letter, pursuant to which, it is agreed, *inter alia*, that the Investor will no longer sub-underwrite the Open Offer. As such, the Investor and the parties acting in concert with it will not trigger any general offer obligations under the Takeovers Code and the Whitewash Waiver application is not required and furthermore, the Company's settlement of Claims with those Creditors who are also Shareholders no longer requires a consent of the Executive as Rule 25 of the Takeovers Code is no longer applicable to the New Proposal. The Open Offer will be sub-underwritten by not less than 4 sub-underwriters who are independent third parties.

The New Proposal will give all the Shareholders, especially those holding in aggregate up to approximately 75% of the voting rights of the Company, who did not vote in person or by proxy in the Previous EGM, another chance to participate in the restructuring of the Company.

As disclosed in the Previous Circular and detailed in section "5.5 Debt restructuring" of this announcement below, Ever Century, a direct wholly-owned subsidiary of the Company, holds directly and indirectly the issued share capital of all the remaining subsidiary companies in the Group. The Company operates its principal business through Ever Century and its subsidiaries. However, the transfer of the Ever Century Shares back to the Company is subject to the terms of the Settlement Deed. Pursuant to the Settlement Deed (as supplemented on 9 April 2010 and 18 May 2011), if the restructuring of the Company is not completed by 3 April 2012, there is a possibility that the Share Charge over the Ever Century Shares will be exercised and the ownership of Ever Century and its subsidiaries will be transferred to certain creditors. As such, the Company will no longer have any operations sufficient for maintaining a listing status on the Stock Exchange. Therefore, there is a possibility that the Company will be placed into liquidation and the Shareholders will receive nothing.

Although the Company is now in the first stage of the delisting procedures under Practice Note 17 to the Listing Rules, which is not the last stage of the delisting procedures, the Shareholders should take note that there is no certainty that the Company can secure a new investor who is capable of submitting a resumption proposal to the satisfaction of the Stock Exchange. Shareholders should also note that the Investor was the only successful bid that the Provisional Liquidators received following the publication of a public notice by the Provisional Liquidators in 2008 which was not rejected by the Creditors.

As at the date of this announcement, there are 221,260,680 Reorganised Shares in issue. As set out in the Previous Circular and the Voting Results Announcement, (i) Mr. Kwok Wing, being the controlling Shareholder interested in 76,242,400 Reorganised Shares (as adjusted for the Capital Reorganisation), and his associates abstained from voting in favour of the resolution in respect of the Open Offer; and (ii) the Interested Shareholders, QVT and Quintessence, being interested (other than a solely Shareholder) in the Restructuring

Agreement (including the Investor Subscription Agreement and the Creditors Subscription Agreement) and the relevant resolutions in relation to the Takeovers Code with an aggregate of 108,726 Reorganised Shares (as adjusted for the Capital Reorganisation), and parties acting in concert with any of them abstained from voting for the resolutions in respect of the entering into the Restructuring Agreement, the issue of the Convertible Bonds, the Open Offer, and the relevant resolutions in relation to the Takeovers Code. However, as announced by the Company on 15 September 2010 in the Voting Results Announcement, only 52,468,965 Reorganised Shares (as adjusted for the Capital Reorganisation), representing (i) about 36.21% of the 144,909,554 Reorganised Shares (as adjusted for the Capital Reorganisation) eligible to vote on the resolution in respect of the Open Offer were voted in person or by proxy at the Previous EGM; and (ii) about 23.73% of the 221,151,954 Reorganised Shares (as adjusted for the Capital Reorganisation) eligible to vote, for the resolutions in relation to the entering into of the Restructuring Agreement, the issue of the Convertible Bonds, and the relevant resolutions in relation to the Takeovers Code were voted in person or by proxy at the Previous EGM. The Provisional Liquidators are of the view that the low turnout rate of the Independent Shareholders at the Previous EGM might have affected the results of the voting. **THE PROVISIONAL LIQUIDATORS URGE THE SHAREHOLDERS TO EXERCISE THEIR SHAREHOLDERS' RIGHTS TO PARTICIPATE IN THE VOTING OF THE RESOLUTIONS TO BE PROPOSED AT THE NEW EGM.**

Advice from the Independent Board Committee and ICAL will be included in the Circular to be despatched by the Company in accordance with the Listing Rules. Shareholders are advised to read these letters of advice carefully before making decisions on the voting of the resolutions to be proposed at the New EGM.

The Provisional Liquidators wish to remind the Shareholders that trading in the Shares has been suspended for more than two years and the Investor was the only successful bid that the Provisional Liquidators received and which was not rejected by the Creditors. If the resolutions to be proposed at the New EGM cannot be passed, there is no assurance that the Investor is willing to continue the rescue of the Company and there is a possibility that the Company will be placed into liquidation and the Shareholders will receive nothing.

THE RESTRUCTURING AGREEMENT AND THE SUPPLEMENTAL RESTRUCTURING SIDE LETTERS

On 26 May 2010, 24 August 2010 and 27 May 2011, the Company, the Provisional Liquidators, the Investor and the Escrow Agent entered into the Restructuring Agreement, the Supplemental Restructuring Side Letter and the Second Supplemental Restructuring Side Letter respectively, which provided for, *inter alia*, the proposed terms for the Capital Reorganisation (which has become effective after 5:00 p.m. on Monday, 20 December 2010 as announced by the Company on 6 and 8 December 2010), the Open Offer, the issue of the Investor Convertible Bonds, the debt restructuring including the Schemes and the issue of the Creditors Convertible Bonds, and the Share Consolidation. Detailed terms of these proposed transactions are set out in the relevant sections below.

2.1 Conditions precedent

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

- (i) the Hong Kong Scheme being sanctioned by the Hong Kong Court;
- (ii) the Cayman Scheme being sanctioned by the Cayman Islands Court;
- (iii) the issue of Investor Convertible Bonds and Creditors Convertible Bonds, the Capital Reorganisation, the Open Offer, the appointment of the new Directors, the Share Consolidation, and other transactions contemplated in the Restructuring Agreement being approved by the Shareholders in the New EGM;
- (iv) the approval for resumption of trading in the New Shares being confirmed by the Stock Exchange;
- (v) the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the New Shares in issue upon Closing and to be issued upon conversion of the Convertible Bonds;
- (vi) the withdrawal of the petition to wind-up the Company and the discharge of the Provisional Liquidators;
- (vii) the due execution of the Supplemental Investor Subscription Agreement, the Supplemental Creditors Subscription Agreement, the Supplemental Underwriting Agreement and the New Profit Agreement;
- (viii) the completion of the Open Offer;
- (ix) the execution of transfer agreement in respect of transfer of claims and any non-XXEZZ Assets to Key Winner (for the benefit of the Scheme Creditors);
- (x) the release of share charges over Ever Century Shares; and
- (xi) provision of evidence of the Investor having fulfilled its payment obligations under the Restructuring Agreement on Closing.

Referring to the announcements of the Company dated 6 and 8 December 2010, the Capital Reorganisation has become effective. The appointment of the new Directors, namely Mr. Phillip King, Mr. Ho Tak Fun, Josef, and Mr. Chiu Siu Po, has been approved by the Shareholders at the Previous EGM. Such appointment will be effective upon Closing. Referring also to the announcement of the Company dated 8 September 2010, the Cayman Scheme was sanctioned by the Cayman Court on 7 September 2010.

The New Profit Agreement was executed on 30 July 2010. The Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement were executed on 27 May 2011. The Supplemental Underwriting Agreement will be executed prior to the despatch of the Circular.

As such, condition (ii) has been satisfied.

Other than the removal of conditions in relation to the compliance with the Takeovers Code, which is no longer applicable, and the addition of the Share Consolidation and Change in Board Lot, there are no material changes to the conditions precedent (as set out in the Previous Circular) of the Restructuring Agreement pursuant to the Second Supplemental Restructuring Side Letter.

2.2 Interim working capital

The Provisional Liquidators shall hold the working capital provided by the Investor (the “**Working Capital Loan**”) under the Exclusivity and Escrow Agreement in the Working Capital Account to be used solely for the purpose of funding the working capital needs of the garment retail business in the PRC pending Closing or termination of the Restructuring Agreement. Any amounts standing to the credit of the Working Capital Account will be paid by the Provisional Liquidators to the Investor on termination of the Restructuring Agreement or upon Closing to the Company on the Closing Date.

There is no change to the working capital arrangements pursuant to the Second Supplemental Restructuring Side Letter.

2.3 Group reorganisation

It was disclosed in the 2009 annual report of the Company that pursuant to the Company’s announcement dated 29 May 2007, the Company acquired the *XXEZZ* business in June 2007 by acquiring 90% interest in Best Favour, which was principally engaged in fashion design and management of its *XXEZZ* brand of smart casual wear. Investigations conducted by the Provisional Liquidators show that the brand “*XXEZZ*” did not belong to the Group. However, Best Favour has always been managing the brand of *XXEZZ* pursuant to a written authority. With the Provisional Liquidators’ effort to rectify such situation, *XXEZZ* trademark is now owned by a company, which does not belong to the Group but is controlled by the Provisional Liquidators. As previously disclosed in the Previous Circular, the Provisional

Liquidators will take all necessary steps to transfer the *XXEZZ* trademark to the Group to facilitate the Group's business continuity before Closing and undertake to take such other steps as are necessary to procure that except for the proceeds from the Open Offer and the issue of the Investor Convertible Bonds, the *XXEZZ* Assets are the sole assets of the Group on Closing.

The *XXEZZ* Assets are held by New Profit Luo Ding. In December 2009, the Company set up Newco, which has gradually taken up the *XXEZZ* business from New Profit Luo Ding. Before Closing, Newco will acquire all the remaining assets of New Profit Luo Ding at the carrying value.

This intention remains the same as that stated in the Previous Circular and has not changed pursuant to the Second Supplemental Restructuring Side Letter.

2.4 Termination

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

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

The Restructuring Agreement shall be terminated automatically if:

- (i) the listing of the Shares has been cancelled by the Stock Exchange before the Closing Date and the Company has failed in an appeal to the Listing Appeals Committee of the Stock Exchange to reverse the decision;
- (ii) an order has been made by the Hong Kong Court to wind-up the Company; or

- (iii) the Provisional Liquidators and the Investor agree in writing that the Restructuring Agreement shall be terminated.

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

These terms remain the same as stated in the Previous Circular and have not been changed pursuant to the Second Supplemental Restructuring Side Letter.

2.5 Exclusivity and Escrow Agreement

The Exclusivity and Escrow Agreement has taken effect since 12 January 2009 and until the date on which it terminates, the Provisional Liquidators will not negotiate, enter into or continue any binding commitment (whether on a conditional or unconditional basis) with any other party for the restructuring of the outstanding indebtedness and/or share capital and/or assets of any member of the Group, save for those subsidiaries and associated companies of the Company which did not form part of the restructuring proposal of the Company.

Pursuant to the Exclusivity and Escrow Agreement, the Investor shall pay the Working Capital Loan of HK\$10,000,000 to the Escrow Agent as a loan to the Company to enable the Group to meet its working capital requirements during the exclusivity period.

Upon the completion of the Restructuring Agreement, the Working Capital Loan shall not be transferred or dealt with under the Schemes and will remain as a debt owed by the Company to the Investor who will have an option to convert the principal amount of the Working Capital Loan into subscription money for the Investor Convertible Bonds

Pursuant to the Restructuring Agreement, the Exclusivity and Escrow Agreement will continue in full force and effect until the earlier of the Closing or the termination of the Restructuring Agreement. There is no change to the terms of the Exclusivity and Escrow Agreement pursuant to the Supplemental Restructuring Side Letters.

3. PROPOSED OPEN OFFER

Pursuant to the Restructuring Agreement, the Company agreed to raise approximately HK\$150 million before expenses, by way of the Open Offer of 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 5 Reorganised Shares held by the Qualifying Shareholders on the Open Offer Record Date and payable in full on application. The Offer Shares will have a nominal amount of approximately HK\$150 million in aggregate.

There is no material change to the terms of the Open Offer disclosed in the Previous Circular pursuant to the Second Supplemental Restructuring Side Letter other than the change of the timetable due to delay, the underwriting arrangements and the Share Consolidation as set out below.

3.1 Issue statistics of the Open Offer

- | | | |
|---------------------------|---|---|
| Basis of the Open Offer | : | 339 Offer Shares for every 5 Reorganised Shares held on the Open Offer Record Date by the Qualifying Shareholders |
| Subscription price | : | HK\$0.01 per Offer Share payable in full upon application |
| Number of shares in issue | : | 221,260,680 Reorganised Shares |
| Number of Offer Shares | : | 15,001,474,104 Offer Shares, representing: |
- (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

Enlarged issued share : 15,222,734,784 Reorganised Shares
capital upon completion
of the Open Offer

Enlarged issued share : 1,522,273,478 New Shares
capital after the
completion of the Share
Consolidation and upon
resumption of trading in
the shares of the Company

3.2 Qualifying Shareholders

The Open Offer will be available only to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Prospectus, for information only, to the Excluded Shareholders.

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

In order to be registered as a member of the Company on the Open Offer Record Date, Shareholders must lodge any transfers of the shares of the Company (with the relevant share certificate(s)) with the Hong Kong share branch 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.

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

The Company's register of members will be 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 will be registered during this period. The Open Offer Record Date will be on Wednesday, 13 July 2011.

3.4 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;

- (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 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 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;
- (d) a premium of approximately HK\$5.87 over the audited consolidated net liabilities per Reorganised Share of approximately HK\$5.86 as at 31 March 2010 (based on the Company's audited consolidated net liabilities of approximately HK\$1,297 million as at 31 March 2010 and 221,260,680 Reorganised Shares in issue as at the date of this announcement); and
- (e) a premium of approximately HK\$6.26 over the unaudited consolidated net liabilities per Reorganised Share of approximately HK\$6.25 as at 30 September 2010 (based on the Company's unaudited consolidated net liabilities of approximately HK\$1,383 million as at 30 September 2010 and 221,260,280 Reorganised Shares in issue as at the date of this announcement).

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\$5.86 as at 31 March 2010 based on the Company's audited consolidated net liabilities of approximately HK\$1,297 million as set out in the Company's published audited financial statements for the year ended 31 March 2010 and 221,260,680 Reorganised Shares in issue. Such net liabilities per Reorganised Share increased to approximately HK\$6.25 as at 30 September 2010 based on the Company's unaudited net liabilities of approximately HK\$1,383 million as set out in the Company's published unaudited interim financial statements for the six months ended 30 September 2010 and 221,260,680 Reorganised Shares in issue.

Each Shareholder will be entitled to subscribe for the Offer Shares at the same price up to in proportion to his/her/its existing shareholding in the Company. The Directors, excluding the members of the Independent Board Committee (whose view is subject to the advice from ICAL, the Company's independent financial advisor) and the Provisional Liquidators, consider that the terms of the Open Offer including the Subscription Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3.5 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 holds 13 Reorganised Shares as at the Open Offer Record Date, he/she/it will be entitled to subscribe for up to 881 Offer Shares on a pro-rata basis.

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 1 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 when the Share Consolidation becomes effective. Shareholders shall take this into account when they submit their subscription 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 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.

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

As the Subscription Price of HK\$0.01 per share approaches to the extremity trading price under Rule 13.64 of the Listing Rules, the Company has decided to conduct the Share Consolidation before the resumption of trading to establish, if possible, a transacted price for the New Shares immediately prior to the resumption of trading in the New Shares away from the extremity of HK\$0.01. Details of the proposed terms of the Share Consolidation are set out in section “7. Proposed Share Consolidation and change in board lot size” below. To minimise 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.

3.7 Status of the Offer Shares

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

3.8 Rights of Excluded Shareholders

If, on the Open Offer Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions outside Hong Kong. The Board will make enquiries as to whether the offer of the Offer Shares, the despatch of the Prospectus Documents or the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges pursuant to Rule 13.36(2)(a) of the Listing Rules. If, based on the legal opinions provided by the relevant overseas advisors to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to such Overseas Shareholders on account of either the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available or extended to such Overseas Shareholders. The results of the enquiries and the basis of any exclusion of the Excluded Shareholders will be included in the Prospectus and the Overseas Letter.

The Company will send the Prospectus, for information only, to the Excluded Shareholders (if any) and will not send any application form in respect of the assured allotment of Offer Shares to the Excluded Shareholders. However, so long as the Excluded Shareholders are Independent Shareholders, they are entitled to cast their votes on the resolution(s) in relation to the Open Offer in the New EGM.

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

The invitation to subscribe for Offer Shares to be made to the Qualifying Shareholders will not be 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 will be 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 Qualifying Shareholders will be underwritten by the Underwriter.

3.10 Application for listing

Due to the proposed implementation of the Share Consolidation, the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares instead of the Offer Shares.

3.11 Conditions of the Open Offer

Completion of the Open Offer is conditional, among other things, upon:

- (i) the passing of the necessary resolutions by the Independent Shareholders at the New 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 by 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.

As at the date of this announcement, the Cayman Islands Court has sanctioned the Cayman Scheme.

3.12 Reasons for the Open Offer and the 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.

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.

3.13 Underwriting arrangement

The Company and the Underwriter will enter into the Supplemental Underwriting Agreement to supersede the Underwriting Agreement prior to the despatch of the Circular. 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 with the Company, and the entering into the Sub-underwriting Letter with the Investor, which has been terminated, there is no agreement or arrangement between the Underwriter and the Company or the Investor, its ultimate beneficial owner and parties acting in concert with any of them.

Pursuant to the Supplemental Underwriting Agreement, the Underwriter will conditionally agree to fully subscribe or procure subscriber(s) to subscribe for the Untaken Shares. The maximum number of the Untaken Shares to be underwritten by the Underwriter is 15,001,474,104 Offer Shares.

The Underwriter will enter into Sub-underwriting Agreements with not less than 4 sub-underwriters, each of them will sub-underwrite such number of Untaken Shares which will not result in any of the sub-underwriters holding 30% or more of the issued share capital of the Company as enlarged by the Open Offer. Each of the sub-underwriters will be 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. The sub-underwriters will subscribe for the Untaken Shares pursuant to their respective Sub-underwriting Agreements. In view of the maximum number of Untaken Shares sub-underwritten by the sub-underwriters, it is expected that none of the sub-underwriters will incur any general offer obligations under the Takeovers Code.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Reorganised Shares will be on an ex-entitlement basis commencing from Friday, 8 July 2011 based on the expected timetable below. The Open Offer is conditional upon, *inter alia*, the fulfilment or waiver of the conditions set out under the paragraph headed “3.11. Conditions of the Open Offer” in this announcement. In particular, it is subject to the Supplemental Underwriting Agreement having been executed and not having been terminated in accordance with its terms thereof. The Open Offer may or may not proceed. Any dealing in the Reorganised Shares from the date of this announcement 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.

3.14 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 date of this announcement.

4. PROPOSED ISSUE OF INVESTOR CONVERTIBLE BONDS

The Company, the Provisional Liquidators and the Investor entered into the Supplemental Investor Subscription Agreement on 27 May 2011 to supersede the Investor Subscription Agreement and to provide for the adjustment effect to the Conversion Price due to the Share Consolidation. There is no material change to the Investor Subscription Agreement and the terms of the Investor Convertible Bonds pursuant to the Second Supplemental Restructuring Side Letter and the Supplemental Investor Subscription Agreement. The principal terms of the Supplemental Investor Subscription Agreement and the Investor Convertible Bonds are materially the same as those disclosed in the Previous Circular and are repeated below.

4.1 The Supplemental Investor Subscription Agreement

Date : 27 May 2011

Issuer : the Company

Subscriber : the Investor

Conditions precedent :	<p>Completion of the Supplemental Investor Subscription Agreement is conditional upon, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (i) approval by the Shareholders in the New EGM of transactions contemplated under the Restructuring Agreement and the Supplemental Investor Subscription Agreement including but not limited to the issue of the Investor Convertible Bonds and the Conversion Shares; (ii) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Investor do not reasonably object) approval for the listing of and permission to deal in the Conversion Shares; and (iii) the conditions precedent of the Restructuring Agreement (other than any conditions precedent relating to the Supplemental Investor Subscription Agreement) having been satisfied or waived in accordance with the terms thereof.
Termination :	<p>The Investor may, by notice to the Company, terminate the Supplemental Investor Subscription Agreement if there is a material adverse change prior to Closing and to rescind the Supplemental Investor Subscription Agreement pursuant to the terms stipulated in the Supplemental Investor Subscription Agreement.</p> <p>The Company may, by notice to the Investor, terminate the Supplemental Investor Subscription Agreement at any time before the Closing Date if the Restructuring Agreement is terminated pursuant to the terms thereto.</p>
Completion :	<p>Subject to the fulfillment of the conditions precedent of the Supplemental Investor Subscription Agreement, completion shall take place on the Closing Date.</p>

4.2 Principal terms of the Investor Convertible Bonds

The Company agreed to issue and the Investor agreed to subscribe for the Investor Convertible Bonds in the aggregate principal amount of HK\$100 million, with zero coupon and 3-year tenure, convertible into Reorganised Shares at the Conversion Price. The principal terms of Investor Convertible Bonds, which are materially the same as those disclosed in the Previous Circular, are summarised below:

Issuer	:	the Company
Subscriber	:	the Investor
Principal amount	:	HK\$100,000,000
Issue price	:	HK\$100,000,000
Coupon rate	:	zero coupon
Maturity date	:	the third anniversary of the issue date of Investor Convertible Bonds
Conversion Price	:	The holders of the Investor Convertible Bonds will have the right to convert the Investor Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.01 per Reorganised Share (subject to adjustment, i.e. the Share Consolidation and other adjustments described below), representing (i) 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; (ii) 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 closing price of HK\$0.446 per Old Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date; (iii) 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 closing price of HK\$0.479 per Old Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date; (iv) a premium of approximately HK\$5.87 over the audited consolidated net liabilities per Reorganised Share of approximately HK\$5.86 as at 31 March 2010 based on the Company's audited consolidated net

liabilities of approximately HK\$1,297 million at 31 March 2010 and 221,260,680 Reorganised Shares in issue as at the date of this announcement; and (v) a premium of approximately HK\$6.26 over the unaudited consolidated net liabilities per Reorganised Share of approximately HK\$6.25 as at 30 September 2010 (based on the Company's unaudited consolidated net liabilities of approximately HK\$1,383 million as at 30 September 2010 and 221,260,280 Reorganised Shares in issue as at the date of this announcement).

- Adjustment to Conversion Price : The Conversion Price will be subject to adjustments for, among other things, subdivisions, consolidations or reclassification of Conversion Shares, capitalisation of profits or reserves, capital distributions, stock dividends, rights issues and other events which may have a diluting effect on the bondholders. Upon completion of the Share Consolidation, the Conversion Price will be adjusted to HK\$0.10 per New Share.
- Conversion period : The holders of the Investor Convertible Bonds will have the right to convert the whole or any part of the outstanding principal amount of the Investor Convertible Bonds into Conversion Shares at any time during the period commencing on the Closing Date and ending on seven days before (and excluding) the maturity date at the Conversion Price (subject to adjustment).
- Redemption : Unless previously converted into Conversion Shares, the outstanding principal amount of the Investor Convertible Bonds will be redeemed at 100% of their outstanding principal amount on the maturity date.
- Early redemption : The Investor Convertible Bonds may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at the option of the Company on any business day prior to the maturity date by giving not less than seven (7) business days' prior written notice to a holder of the Investor Convertible Bonds.
- Ranking of Investor Convertible Bonds : The Investor Convertible Bonds shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company.
- Ranking of Conversion Shares : The Conversion Shares will rank *pari passu* in all respects with the Reorganised Shares or New Shares then in issue on the relevant date of registration of holders of such Conversion Shares on the register of members of the Company.

- Listing : No application will be made for the listing of the Investor Convertible Bonds. An application will be made as soon as practicable for the listing of, and permission to deal in, the Conversion Shares to be issued by the Company upon the conversion of the Investor Convertible Bonds.
- Transferability : None of the Investor Convertible Bonds (nor any part thereof) can be transferred without the prior written consent of the Company, except by a transfer to subsidiaries (as that term defined in the Listing Rules) or the holding company (as that term defined in the Companies Ordinance) of the holder of the Investor Convertible Bonds.
- Denomination : HK\$1,000,000 and integral multiples thereof.
- Voting : Holder(s) of the Investor Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason of merely being the holder of the Investor Convertible Bonds.

4.3 Effect on the share capital

Based on the Conversion Price of HK\$0.01 per Reorganised Share and assuming full conversion of the Investor Convertible Bonds, the Investor Convertible Bonds will be convertible into 10,000,000,000 Reorganised Shares (representing an aggregate nominal value of HK\$100 million), representing (i) approximately 4,519.6% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 65.7% of the issued share capital of the Company as enlarged by the issue of the Offer Shares; (iii) approximately 39.6% 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; (iv) approximately 58.1% of the issued share capital of the Company as enlarged by the issue of Offer Shares and the full conversion of the Creditors Convertible Bonds only; and (v) approximately 36.7% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of both of Investor Convertible Bonds and Creditors Convertible Bonds.

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

4.4 Reasons for the Supplemental Investor Subscription Agreement and the use of proceeds

As set out in the Previous Circular, it is the intention of the Investor to have the Group focus on the retail apparel operation under the brand name “XXEZZ” in the PRC. When opportunities arise, with a mainline in casual wear, the Investor will also consider the viability for the Group of providing new line of accessories. The Company will receive gross proceeds from the subscription of the Investor Convertible Bonds of no less than HK\$59 million from the Investor, after setting off (i) the Working Capital Loan of HK\$10 million provided by the Investor to the Company under the Exclusivity and Escrow Agreement; (ii) fees and costs of HK\$16 million incurred by the Company in negotiation, documentation and implementation of the restructuring of the Group; and (iii) an amount up to HK\$15 million drawn down from the Revolving Facility. A sum of HK\$50 million out of the subscription money of the Investor Convertible Bonds will be made available to the Scheme Administrators for the benefit of the Scheme Creditors and New Profit for the benefit of the New Profit Stakeholders respectively in the proportion of five to two. The remaining no less than HK\$9 million of the proceeds will be applied towards the working capital requirements of the restructured Group.

The Provisional Liquidators consider the terms of the Supplemental Investor Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company, the Shareholders and the Creditors as a whole.

5. PROPOSED ISSUE OF CREDITORS CONVERTIBLE BONDS

The Company, the Provisional Liquidators, New Profit and Key Winner entered into the Supplemental Creditors Subscription Agreement on 27 May 2011 to supersede the Creditors Subscription Agreement and to provide for the adjustment effect of the Conversion Price due to the Share Consolidation. There is no material change to the Creditors Subscription Agreement and the terms of the Creditors Convertible Bonds pursuant to the Second Supplemental Restructuring Side Letter and the Supplemental Creditors Subscription Agreement. The principal terms of the Supplemental Creditors Subscription Agreement and the Creditors Convertible Bonds are materially the same as those disclosed in the Previous Circular and are repeated below.

5.1 The Supplemental Creditors Subscription Agreement

Date	:	27 May 2011
Issuer	:	the Company
Subscribers	:	Key Winner and New Profit

- Conditions precedent : Completion of the Supplemental Creditors Subscription Agreement is conditional upon, *inter alia*:
- (i) the approval by the Shareholders in the New EGM of transactions contemplated under the Restructuring Agreement and the Supplemental Creditors Subscription Agreement including but not limited to the issue of the Creditors Convertible Bonds and the Conversion Shares;
 - (ii) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company, Key Winner and New Profit do not reasonably object) approval for the listing of and permission to deal in the Conversion Shares; and
 - (iii) the conditions precedent of the Restructuring Agreement (other than any conditions precedent relating to the Supplemental Creditors Subscription Agreement) having been satisfied or waived in accordance with the terms thereof.
- Termination : The subscribers may, by notice to the Company, terminate the Supplemental Creditors Subscription Agreement if there is a material adverse change prior to Closing and to rescind the Supplemental Creditors Subscription Agreement pursuant to the terms stipulated in the Supplemental Creditors Subscription Agreement.
- The Company may, by notice to the subscribers, terminate the Supplemental Creditors Subscription Agreement at any time before the Closing Date if the Restructuring Agreement is terminated pursuant to the terms thereto.
- Completion : Subject to the fulfillment of the conditions precedent of the Supplemental Creditors Subscription Agreement, completion shall take place on the Closing Date.

5.2 Principal terms of Creditors Convertible Bonds

Issuer	:	the Company
Subscribers	:	(i) Key Winner, a company controlled by the Provisional Liquidators; and (ii) New Profit, a former indirect 90%-owned subsidiary of the Company
Principal amount	:	HK\$20,000,000
Issue price	:	Key Winner and New Profit will receive the Creditors Convertible Bonds at nil consideration. The Creditors Convertible Bonds are issued for the benefit of the Scheme Creditors and the New Profit Stakeholders which will be allocated pro rata as to five sevenths to Key Winner and as to two sevenths to New Profit as part of the Schemes and the debt restructuring for the compromise, discharge and settlement of all Claims against the Company.
Coupon rate	:	2% per annum, payable on maturity date
Maturity date	:	the first anniversary of the issue date of Creditors Convertible Bonds
Conversion Price	:	The holders of the Creditors Convertible Bonds will have the right to convert the Creditors Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.01 per Reorganised Share (subject to adjustment, i.e. the Share Consolidation and other adjustments described below), representing (i) 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; (ii) 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 closing price of HK\$0.446 per Old Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date; (iii) 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 closing price of HK\$0.479 per Old Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date; (iv) a premium of approximately HK\$5.87 over the audited consolidated net liabilities per Reorganised Share of approximately HK\$5.86 as at 31 March 2010 based on the Company's audited consolidated net liabilities of approximately HK\$1,297 million at 31 March 2010 and 221,260,680 Reorganised Shares in issue upon as at the date of this announcement; and (v) a premium of approximately HK\$6.26 over the unaudited consolidated net liabilities per Reorganised Share of approximately HK\$6.25 as at 30 September 2010 (based on the Company's unaudited consolidated net liabilities of approximately HK\$1,383 million as at 30 September 2010 and 221,260,280 Reorganised Shares in issue as at the date of this announcement).

- | | | |
|--------------------------------|---|---|
| Adjustment to Conversion Price | : | The Conversion Price will be subject to adjustments for, among other things, subdivisions, consolidations or reclassification of Conversion Shares, capitalisation of profits or reserves, capital distributions, stock dividends, rights issues and other events which may have a diluting effect on the bondholders. Upon completion of the Share Consolidation, the Conversion Price will be adjusted to HK\$0.10 per New Share. |
| Conversion period | : | The holders of the Creditors Convertible Bonds will have the right to convert the whole or any part of the outstanding principal amount of the Creditors Convertible Bonds into Conversion Shares at any time during the period commencing on the Closing Date and ending on seven days before (and excluding) the maturity date at the Conversion Price (subject to adjustment). |
| Redemption | : | Unless previously converted into Conversion Shares, the outstanding principal amount of the Creditors Convertible Bonds will be redeemed at 100% of their outstanding principal amount on the maturity date. |
| Early redemption | : | The Creditors Convertible Bonds may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at the option of the Company on any business day prior to the maturity date by giving not less than seven (7) business days' prior written notice to a holder of the Creditors Convertible Bonds. |

Ranking of Investor Convertible Bonds	:	The Creditors Convertible Bonds shall constitute direct, unsubordinated, unconditional and unsecured obligations of the Company.
Ranking of Conversion Shares	:	The Conversion Shares will rank <i>pari passu</i> in all respects with the Reorganised Shares or New Shares then in issue on the relevant date of registration of holders of such Conversion Shares on the register of members of the Company.
Listing	:	No application will be made for the listing of the Creditors Convertible Bonds. An application will be made as soon as practicable for the listing of, and permission to deal in, the Conversion Shares to be issued by the Company upon the conversion of the Creditors Convertible Bonds.
Transferability	:	None of the Creditors Convertible Bonds (nor any part thereof) can be transferred without the prior written consent of the Company, except by a transfer to subsidiaries (as that term defined in the Listing Rules) or the holding company (as that term defined in the Companies Ordinance) of the holder of the Creditors Convertible Bonds.
Denomination	:	HK\$1,000,000 and integral multiples thereof.
Voting	:	Holder(s) of the Creditors Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason of merely being the holder of the Creditors Convertible Bonds.

5.3 Effect on the share capital

Based on the Conversion Price of HK\$0.01 per Reorganised Share and assuming full conversion of the Creditors Convertible Bonds, the Creditors Convertible Bonds will be convertible into 2,000,000,000 Reorganised Shares (representing an aggregate nominal value of HK\$20 million), representing (i) approximately 903.9% of the issued share capital of the Company as at the day of this announcement; (ii) approximately 13.1% of the issued share capital of the Company as enlarged by the issue of the Offer Shares; (iii) approximately 7.9% 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; (iv) approximately 11.6% of the issued share capital of the Company as enlarged by the issue of Offer Shares and the full conversion of the Creditors Convertible Bonds only; and (v) approximately 7.3% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and full conversion of both of Investor Convertible Bonds and Creditors Convertible Bonds.

After Closing and immediately after completion of the Share Consolidation, pursuant to the terms of the Supplemental Creditors Subscription Agreement, the conversion price of the Creditors Convertible Bonds will be adjusted to HK\$0.10 per New Share pursuant to the terms of the Supplemental Creditors Subscription Agreement.

5.4 Reasons for the Supplemental Creditors Subscription Agreement

Pursuant to the Restructuring Agreement, the Company has started the implementation of the Schemes and debt restructuring. As part of the Schemes and the debt restructuring, the Company will issue and the Scheme Creditors and New Profit (for the benefit of the New Profit Stakeholders) will receive the Creditors Convertible Bonds in the proportion of five to two, respectively. The Company considers that the Schemes and the debt restructuring is the only viable way to compromise, discharge and settle all Claims against the Company and is of the view that the terms of the Supplemental Creditors Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company, the Shareholders and the creditors of the Company as a whole.

The Company will not receive any money from the subscription of the Creditors Convertible Bonds.

5.5 Debt restructuring

According to the latest published audited accounts of the Group for the year ended 31 March 2010, the total outstanding liabilities of the Group and the Company were approximately HK\$1,349.07 million and HK\$1,140.90 million respectively.

Upon completion of the Schemes and the New Profit Agreement, all the liabilities of the Company will be discharged and the Group will have no outstanding liabilities other than (i) the Convertible Bonds; (ii) the consideration, if not fully paid yet, for the acquisition of the XXEZZ Assets payable to New Profit Luo Ding pursuant to the group reorganisation and business transfer and (iii) those incurred or to be incurred in its ordinary course of business.

Ever Century Charge

Reference is made to the Company's announcements dated 24 October 2008 and 6 April 2009 that during the course of the investigations by the Provisional Liquidators, they discovered that between June 2008 and July 2008, the Company entered into a number of loans with money lenders purportedly in order to meet the Group's short term financing needs, including the loans with Forefront and Hansom. As security for the loans advanced by Forefront and Hansom, the Company granted a charge over all the shares in its wholly-owned subsidiary, Ever Century, on 12 June 2008 (the "**Share Charge**"). Ever Century holds directly and indirectly the issued share capital of all the remaining subsidiary companies in the Group. As the Company failed to repay the outstanding loan due to Forefront, Forefront exercised its right under the Share Charge on 15 August 2008 and the Ever Century Shares were transferred to Merrier, a nominee of Forefront.

On 3 April 2009, the Company, the Provisional Liquidators, Forefront, Merrier, Hansom and the Investor entered into the Settlement Deed pursuant to which:

- (a) Merrier agreed to, among other things, transfer the Ever Century Shares back to the Company with nil consideration in order to facilitate the restructuring of the Company;
- (b) each of Forefront and Hansom acknowledges, confirms and agrees that while Forefront effected a transfer of the legal ownership of the Ever Century Shares to Merrier on 15 August 2008, there was no intention to change the beneficial ownership of the Ever Century Shares or the Company's control over Ever Century and each of Forefront and Hansom unconditionally and irrevocably agreed and approved the transaction as completed under the Settlement Deed;
- (c) if the restructuring of the Company is not completed within 12 months from the date of the Settlement Deed (or such other date as agreed in writing between Forefront, Hansom, the Company and the Provisional Liquidators) and Forefront or Hansom wishes to enforce the Share Charge, Forefront and Hansom respectively undertake to give two weeks notice to the Company and the Provisional Liquidators before taking any action to transfer the Ever Century Shares pursuant to their respective charge; and
- (d) the Company and the Provisional Liquidators agree and acknowledge that the transfer of the Ever Century Shares by Merrier pursuant to the terms of the Settlement Deed, are without prejudice to the respective rights of Forefront or Hansom.

As announced by the Company on 14 April 2010 and 19 May 2011, the Settlement Deed was supplemented by two letters, provided that (i) Hansom agreed to extend the period of not exercising its share charge over the Ever Century Shares from 24 months to 36 months from the date of the Settlement Deed (i.e. 3 April 2009); (ii) Forefront agreed and acknowledged that all outstanding amounts due from the Group to Forefront under the loan agreement dated 12 June 2008 had been unconditionally and irrevocably settled in full; and (iii) Forefront further agreed and undertook to take all necessary steps to release the Ever Century Shares from all security interests created pursuant to the share charge exercisable by Forefront. Save for the amendments made by the Second Supplemental Deed, all the terms of the Settlement Deed remain in full force and effect.

As at the date of this announcement and to the best information of the Provisional Liquidators, save as disclosed above, Forefront, Merrier and Hansom are independent of the Company, and the Investor, its ultimate beneficial owner and parties acting in concert with any of them.

Furthermore, only Hansom will remain as a Creditor (other than the Preferential Creditors), whose claims will be settled under the Schemes.

The Schemes

In the Scheme Meetings, which were held at 10:00 a.m. on 30 August 2010, the Creditors approved the Schemes. The Cayman Islands Court also sanctioned the Cayman Scheme on 7 September 2010 and the Company will make an application to the Hong Kong Court for the sanction of the Hong Kong Scheme as soon as practicable. Pursuant to the Schemes, (a) all Claims against the Company will be compromised, discharged and/or settled; (b) the Scheme Creditors will receive a pro rata distribution of five sevenths of the Creditors Convertible Bonds; and (c) the Company will transfer or procure the transfer to the Scheme Administrators for distribution to the Scheme Creditors:

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

The principal terms of the Schemes include:

- (i) the Company shall transfer all assets of the Company other than the XXEZZ Assets to Key Winner (for the benefit of the Scheme Creditors) with effect from the Closing Date or as the Provisional Liquidators shall direct;
- (ii) Key Winner shall subscribe for and the Company shall on the Closing Date issue the Creditors Convertible Bonds to Key Winner (for the benefit of the Scheme Creditors) on and subject to the terms of the Restructuring Agreement, the Creditors Subscription Agreement and the Memorandum and the Articles of Association; and
- (iii) without limiting the generality of (i) above, the Company shall assign to Key Winner for the benefit of the Scheme Creditors all Claims (including receivables) which the Company may have against any person, including any claims against its present or former Directors, officers, auditors and advisors.

Any distribution to the Scheme Creditors shall be applied after the payment of the restructuring costs and payment to the Preferential Creditors in full. According to the unaudited accounts of the Company as at 30 September 2010 and subject to adjudication, Claims from the Preferential Creditors amounted to approximately HK\$0.5 million, representing petitioner's cost in relation to the commencement of the winding up of the Company.

Interested Shareholders

As at the date of this announcement, there were two Creditors, namely QVT and Quintessence (the Interested Shareholders), who are also Shareholders.

Details of the Claims and shareholding interest of the Interested Shareholders are as follows:

	Claim (as at 30 September 2010)		Shareholding in the Company (as at the date of this announcement)	
	<i>HK\$ million</i>	<i>%</i>	<i>No. of Reorganised Shares</i>	<i>%</i>
QVT	83	6.76	98,185	0.044
Quintessence	<u>9</u>	<u>0.73</u>	<u>10,541</u>	<u>0.005</u>
Interested Shareholders	<u>92</u>	<u>7.49</u>	<u>108,726</u>	<u>0.049</u>
Total Claims/Total number of Reorganised Shares	<u>1,227</u>	<u>100</u>	<u>221,260,680</u>	<u>100</u>

As at the date of this announcement, QVT and Quintessence had the same general partner and the same investment manager, but they did not have any other relationships.

Save as disclosed above, the Interested Shareholders are independent third parties of the Company and the Investor, its ultimate beneficial owner and parties acting in concert with any of them.

Pursuant to the Restructuring Agreement and the Supplemental Investor Subscription Agreement, the Company proposes to raise HK\$100 million (before expenses) upon the Investor's subscription of the Investor Convertible Bonds, out of the proceeds from which, HK\$50 million will be the Cash Consideration to repay the Scheme Creditors and the New Profit Stakeholders in a proportion of 5:2. In addition, the Company will issue Creditors Convertible Bonds to the Scheme Creditors and New Profit Stakeholders in a proportion of 5:2, with a total principal amount of HK\$20 million at nil consideration pursuant to the Supplemental Creditors Subscription Agreement. Therefore, five sevenths of the Cash Consideration and Creditors Convertible Bonds (equivalent to a total principal amount of approximately HK\$50 million, the **"Repayment"**) will be used to settle with the Creditors all the Claims against the Company.

These Interested Shareholders, in their capacity of the Creditors and if admitted as Scheme Creditors, would receive their respective portion of the Repayment (in respect of Cash Consideration and Creditors Convertible Bonds) as follows:

	Claim (as at 30 September 2010)		Cash Consideration (Note)		Creditors Convertible Bonds (Note)		Repayment (Note)
	HK\$ million	%	HK\$ million	%	HK\$ million	%	%
QVT	83	6.76	2.42	4.83	0.97	4.83	6.76
Quintessence	9	0.73	0.26	0.52	0.10	0.52	0.73
Interested Shareholders	92	7.49	2.68	5.35	1.07	5.35	7.49
Total	<u>1,227</u>	<u>100</u>	<u>50</u>	<u>100</u>	<u>20</u>	<u>100</u>	<u>100</u>

Note: These figures are indicative only, subject to adjudication and derived without taking into consideration the Claims from the Preferential Creditors amounting to approximately HK\$0.5 million as at 30 September 2010 and any administrative costs to be or having been incurred in relation to the Schemes. Pursuant to the Schemes, the repayment to the Preferential Creditors and payment of the administrative costs being incurred in relation to the Schemes rank before the repayment of the other Creditors (including the Interested Shareholders).

Terms of the distribution of the Repayment among all the Scheme Creditors (other than Preferential Creditors) are the same pursuant to the terms of the Schemes. As part of the Repayment (the cash portion) is contributed by the proceeds from the subscription of the Investor Convertible Bonds by the Investor and the other part of the Repayment is in the form of Creditors Convertible Bonds, the Interested Shareholders are interested in Restructuring Agreement, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement.

The Interested Shareholders will abstain from voting on the resolutions in respect of the transactions contemplated in the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement).

The Provisional Liquidators consider that the terms of the settlement of the Claims to the Interested Shareholders have been determined on an arm's length basis.

New Profit Agreement

On 30 July 2010, the Company, the Provisional Liquidators, Anway, Best Favour, Key Winner, New Profit, the joint and several liquidator of New Profit, Swimwear and CITIC Bank entered into the New Profit Agreement.

The principal terms of the New Profit Agreement are:

- (i) on the Closing Date, the Company shall transfer or procure the transfer of two sevenths of the Cash Consideration (i.e. HK\$14,285,714.00) and issue two sevenths of the Creditors Convertible Bonds to New Profit or as it directs following consultation with the New Profit Stakeholders;
- (ii) after receipt of the distributions described in (i), New Profit shall distribute to the New Profit Stakeholders in the agreed order of priority;
- (iii) Swimwear acknowledges and agrees that upon receiving its respective entitlement, its claims against New Profit is settled and it shall be deemed to have no further claim against New Profit and to have waived any and all rights of action of any nature against New Profit arising prior to the date of payment of its respective entitlement;
- (iv) CITIC Bank acknowledges and agrees that upon receiving its respective entitlement, it shall be deemed to have no further claims against Anway and to have waived any and all rights of action of any nature against Anway arising prior to the date of payment of its respective entitlement. CITIC Bank will take all steps necessary to release, on the Closing Date, the security over the shares in Best Favour; and
- (v) Noble Group Investment Limited, the 10% shareholder of Best Favour, will receive 10% of any residual amount due to Best Favour upon the distribution by New Profit.

6. USE OF PROCEEDS FROM THE OPEN OFFER AND THE ISSUE OF THE INVESTOR CONVERTIBLE BONDS

The Company will receive net proceeds amounting to approximately HK\$146 million from the Open Offer. The Company will receive further unused proceeds amounting to no less than HK\$9 million from the issue of the Investor Convertible Bonds. 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.

7. PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, the Company has decided to implement the Share Consolidation on the basis that every 10 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 but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company. 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.

7.1 Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Reorganised Shares of HK\$0.01 each, of which 221,260,680 Reorganised Shares have been issued as fully paid or credited as fully paid. Had the Share Consolidation become effective as at the date of this announcement, the authorised share capital of the Company should become HK\$500,000,000 divided into 5,000,000,000 New Shares of HK\$0.10 each, of which 22,126,068 New Shares should be in issue.

7.2 Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation in the New EGM; and
- (ii) the Stock Exchange granting the listing of, and the permission to deal in, the New Shares in issue.

No Shareholder is required to abstain from voting on the Share Consolidation in the New EGM.

7.3 Change in Board Lot

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.

7.4 Reasons for the Share Consolidation

The Share Consolidation is made pursuant to Rule 13.64 of the Listing Rules to establish, if possible, a transacted price for the New Shares immediately prior to the resumption of trading in the New Shares away from the extremity of HK\$0.01. **Shareholders please note that the Share Consolidation being approved in the New EGM is a condition precedent to the Open Offer and the Restructuring Agreement.**

7.5 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.

If you are in any doubt as to the above arrangements, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

7.6 Listing and dealings

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Share Consolidation.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the 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 under contingent situation, such other date 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 business day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

7.7 Posting of new share certificates of the New Shares

Subject to completion of the Share Consolidation and the Open Offer, the Company will post the new share certificates in yellow in colour for the New Shares, which include the New Shares consolidated from the Reorganised Shares and the Offer Shares, to the Shareholders at its expenses on Friday, 5 August 2011.

If the Share Consolidation is completed but the Open Offer is terminated, the Company will post the new share certificates in yellow in colour for the New Shares, which only include the New Shares consolidated from the Reorganised Shares to the Shareholders at its expenses within 10 days after the date of termination, which is expected to be no later than Friday, 12 August 2011.

However, if the Share Consolidation is not approved by the Shareholders in the New EGM, which is one of the conditions precedent to the Open Offer, no matter whether the Open Offer is approved or not in the New EGM, the Open Offer will terminate and the Company will post the new share certificates for the Reorganised Shares to the Shareholders at its expenses within 10 days after the date of the New EGM, which is expected to be Friday, 22 July 2011.

The old share certificates for the Old Shares, which are blue in colour, will be automatically void upon the despatch of the new share certificates.

8. EFFECTS ON SHAREHOLDING STRUCTURE

The following tables set out (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure after completion of the Open Offer; (iii) the shareholding structure after completion of the Open Offer and the full conversion of each of and both the Convertible Bonds; and (iv) the shareholding structure after completion of the Open Offer, the full conversion of each of and both the Convertible Bonds and the completion of the Share Consolidation.

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

Shareholders	Shareholding as at the date of this announcement		Shareholding after the Open Offer (assuming all Shareholders take up their respective entitlements) (Note 1)		Shareholding after the Open Offer (assuming all Shareholders take up their respective entitlements) and completion of the Share Consolidation (Note 1)		Shareholding after the Open Offer (assuming all Shareholders take up their respective entitlements) and the full conversion of Investor Convertible Bonds only (Notes 2, 3)		Shareholding after the Open Offer (assuming all Shareholders take up their respective entitlements) and the full conversion of Creditors Convertible Bonds only		Shareholding after the Open Offer (assuming all Shareholders take up their respective entitlements) and the full conversion of Investor Convertible Bonds and Creditors Convertible Bonds (Notes 2, 3)	
	No. of Reorganised Shares		No. of Reorganised Shares		No. of New Shares		No. of New Shares		No. of New Shares		No. of New Shares	
		%		%		%		%		%		%
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%
Mr. Kwok Wing and associates	76,242,400	34.5%	5,245,477,120	34.5%	524,547,712	34.5%	524,547,712	20.8%	524,547,712	30.5%	524,547,712	19.3%
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	70,017,840	31.6%	4,817,227,392	31.6%	481,722,739	31.6%	481,722,739	19.1%	481,722,739	28.0%	481,722,739	17.7%
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%

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

Shareholders	Shareholding as at the date of this announcement				Shareholding after the Open Offer (assuming none of the Shareholders takes up his respective entitlement)				Shareholding after the Open Offer (assuming none of the Shareholders takes up his respective entitlement)				Shareholding after the Open Offer (assuming none of the Shareholders takes up his respective entitlement)				Shareholding after the Open Offer (assuming none of the Shareholders takes up his respective entitlement)					
					of the Shareholders takes up his respective entitlement)				and the full conversion of Investor Convertible Bonds only				and the full conversion of Creditors Convertible Bonds only				of Investor Convertible Bonds and Creditors Convertible Bonds					
					(Note 1)				(Note 1)				(Notes 2, 3)				(Notes 2, 3)					
					No. of Reorganised Shares		%		No. of Reorganised Shares		%		No. of New Shares		%		No. of New Shares		%		No. of New Shares	
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	98.5%	1,500,147,410	98.5%	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	7.3%										
Mr. Kwok Wing and associates	76,242,400	34.5%	76,242,400	0.5%	7,624,240	0.5%	7,624,240	0.3%	7,624,240	0.4%	7,624,240	0.3%										
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	0.3%	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	70,017,840	31.6%	70,017,840	0.5%	7,001,784	0.5%	7,001,784	0.3%	7,001,784	0.4%	7,001,784	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%										

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

As at the date of this announcement, the Investor has no intention to exercise its rights to convert the Investor Convertible Bonds. After Closing, if the Investor converts the Investor Convertible Bonds fully or partially, it will comply with the relevant requirements under the Listing Rules and the Takeovers Code and ensure that the Company will comply with the public float requirement upon its conversion.

The Investor undertakes not 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. As at the date of this announcement, the Investor has no plan to sell its interests in the Company (whether shares or convertible bonds of the Company).

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.*

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 20 December 2010, a Shareholder, who held one board lot of Old Shares before completion of the Capital Reorganisation, holds 800 Reorganised Shares as at the date of this announcement 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 section "7.5 Arrangement on odd lot trading" above.

9. EXPECTED TIMETABLE

The expected timetable for the Open Offer and the Share Consolidation set out below is for indicative purposes only and has been prepared on the assumption that all conditions of the Open Offer and the Share Consolidation will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

9.1 Expected timetable

*Latest time for lodging transfer of Old Shares
to be qualified for the Capital Reorganisation
(historical event for reference) 4:30 p.m. on Monday,
20 December 2010*

*Record date and effective date of the Capital
Reorganisation (historical event for reference) after 5:00 p.m. on Monday,
20 December 2010*

Expected date of despatch of the Circular in relation to,
among other things, the Open Offer, the Convertible
Bonds, the Share Consolidation and the New EGM. Monday, 27 June 2011

Last day of cum-entitlements of the Reorganised Shares. Thursday, 7 July 2011

First day of ex-entitlements of the Reorganised Shares Friday, 8 July 2011

Latest time for lodging proxy forms for the New EGM. 11:00 a.m. on Monday,
11 July 2011

Latest time for lodging transfer of the Reorganised Shares
in order to qualify for the Open Offer 4:30 p.m. on Monday,
11 July 2011

Closure of register of members to determine the
eligibility of the Open Offer (both dates inclusive) Tuesday, 12 July 2011 to
Wednesday, 13 July 2011

Open Offer Record Date. Wednesday, 13 July 2011

Expected date of the New EGM. 11:00 a.m. on Wednesday,
13 July 2011

Announcement of results of the New EGM Wednesday, 13 July 2011

Despatch of the Prospectus Documents of the Open Offer	Thursday, 14 July 2011
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Thursday, 28 July 2011
Latest Time for Termination of the Open Offer	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 in the shares of the Company and dealings in New Shares commence	9:00 a.m. on Tuesday, 9 August 2011

Note: All references to time in this announcement are references to Hong Kong time.

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Open Offer and the Share Consolidation are indicative only and may be extended or varied by agreement between the Company and the Underwriter and the approval by the Stock Exchange of such amendments. Any consequential changes to the expected timetable will be published or notified to the Shareholders appropriately.

9.2 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 section “9.1 Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

10. LISTING RULES IMPLICATIONS

Pursuant to the requirements of the Listing Rules, since the Open Offer would increase the issued share capital of the issuer by more than 50% within the 12 month period immediately preceding the date of this announcement, the Open Offer is conditional upon the approval by the Independent Shareholders by way of poll in the New EGM, where the controlling Shareholder, or in the case that the Company has no controlling Shareholder, 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 Open Offer. As at the date of this announcement, Mr. Kwok Wing and his associates held 76,242,400 Reorganised Shares representing 34.46% of the issued share capital of the Company. Accordingly, Mr. Kwok Wing and his associates shall abstain from voting in favour of the proposed resolution approving the Open Offer in the New EGM.

The Interested Shareholders, namely QVT and Quintessence, holding an aggregate of 108,726 Reorganised Shares, representing approximately 0.05% of the existing issued share capital of the Company, who are interested in the transactions contemplated under the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement), therefore the Interested Shareholders and their associates shall abstain from voting for the resolutions in respect of these transactions in the New EGM. Except for

the Interested Shareholders, there are no Shareholders having an interest (other than solely as a Shareholder) in or involved in the transactions contemplated under the Restructuring Agreement (including the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement), therefore no other Shareholder is required to abstain from voting for the resolutions in respect of these transactions in the New EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Pau Chin Hung, Andy, Mr. Choong Khuat Leok and Mr. Kooi Tock Chian, has been established to make recommendations to the Independent Shareholders in respect of the Restructuring Agreement (including the Open Offer, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement).

ICAL has been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Restructuring Agreement (including the Open Offer, the Supplemental Investor Subscription Agreement and the Supplemental Creditors Subscription Agreement) are fair and reasonable and advise the Independent Shareholders on how they should vote in respect of these resolutions.

The Circular, including, among other things, details of (i) the Open Offer; (ii) the Convertible Bonds; (iii) the Share Consolidation; (iv) the recommendations of the Independent Board Committee; and (vi) a letter of advice from ICAL to the Independent Board Committee and the Independent Shareholders in relation to the Restructuring Agreement will be despatched as soon as practicable.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to certain conditions precedent of the Open Offer being satisfied.

11. GENERAL

11.1 Information on the Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Reorganised Shares of which are listed on the Main Board of the Stock Exchange. The subsidiaries of the Company are principally engaged in investment holding, retail and concessionaire sales of garments and wholesale of garments.

11.2 Information on the Investor

The Investor is principally engaged in investment holding and is incorporated in the BVI. The Investor is wholly-owned by Moon Light Investments Group Limited, which in turn is wholly-owned by Moon Light Trust. The trustee of Moon Light Trust is Fidelitycorp Limited. The sole beneficiary of Moon Light Trust is Ms. Huang Min Chuan Joan (“**Ms. Huang**”). Mr. Chuang Eugene Yue-chien (“**Mr. Chuang**”), son of Ms. Huang, is the sole director of the Investor.

Ms. Huang has been an active investor in the securities market for over 30 years with an investment portfolio reaching as high as HK\$100 million. She is a financial investor and does not intend to sit on the Board.

Mr. Chuang, aged 56, has over 30 years of experience in the financial services industry. He obtained a bachelor's degree in Biochemistry from the University of Pennsylvania in 1977 and Master of Business Administration from Indiana University in 1979. Upon graduation, Mr. Chuang joined PNC Financial Corp. rising to Vice President and General Manager before leaving in 1984. He then joined the Institutional Markets Division of Standard Chartered Group to work on Asia Pacific related transactions until 1986. From 1987 to 1991, he worked for Bankers Trust and then Salomon Brothers in Hong Kong and Taiwan, before leaving to set up Capital Union Inc. and Hennabun Capital Group Limited ("HCGL") (formerly known as Hennabun Management Inc. and subsequently renamed as Hennabun Management International Limited), both privately held investment companies. He has been appointed as the Managing Director of HCGL as well as director of certain subsidiaries since 1996 to supervise and manage the overall activities of HCGL. He resigned as the Managing Director of HCGL in November 2009 but has been retained as a director and responsible officer of CU Corporate Finance Limited until March 2010, which is a subsidiary of HCGL and licensed by the SFC to conduct the regulated activity of advising on corporate finance. HCGL is a privately held financial group, and through its subsidiaries engages in the provision of stock broking, commodity trading, money lending, corporate finance advisory and investment management advisory services and proprietary trading.

12. CONTINUED SUSPENSION OF TRADING IN THE SHARES OF THE COMPANY

The transactions contemplated under the Restructuring Agreement, Supplemental Investor Subscription Agreement, Supplemental Creditors Subscription Agreement and the Supplemental Underwriting Agreement are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise.

Trading in the shares of the Company has been suspended at the request of the Company since 9:30 a.m. on 30 July 2008 and will remain suspended until further notice. Until satisfaction of all the Resumption Conditions set by the Listing Division, trading in the shares will continue to be suspended. The release of this announcement does not indicate that the trading in the Shares will be resumed and that the listing approval for the New Shares and/or Conversion Shares will be granted.

Due to the different scenarios in relation to the despatch of the new share certificates pursuant to the Capital Reorganisation, the Open Offer and the Share Consolidation as set out in section "7.7 Posting of new share certificates of the New Shares" above, the Shareholders shall pay attention to the arrangements contained herein and in any future announcement(s) of the Company.

13. DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it in 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 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 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 in the Listing Rules
“Best Favour”	Best Favour Investments Limited, an indirect 90%-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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 been effective after 5:00 p.m. on Monday, 20 December 2010
“Cash Consideration”	the sum of HK\$50,000,000 in cash
“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
“Cayman Scheme”	the approved scheme of arrangement to be effected under Section 86 of the Cayman Companies Law, in its present form, or with or subject to modification of it, any addition to it or any condition approved or imposed by the Cayman Court
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Change in Board Lot”	the change in board lot size of the New Shares from 800 Reorganised Shares to 24,000 New Shares with effect immediately after the Share Consolidation becomes effective
“Circular”	the circular to be despatched by the Company to the Shareholders which will include details of, among other things, (i) the Open Offer; (ii) the Convertible Bonds; (iii) the recommendation of the Independent Board Committee; (iv) a letter of advise from the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Restructuring Agreement (including the issue of the Convertible Bonds) as soon as practicable
“CITIC Bank”	CITIC Bank International Limited (formerly known as CITIC Ka Wah Bank Limited), the creditor of Anway
“Claim”	any debt, liability or obligation whether known or unknown, whether present or future, whether certain or contingent, whether liquidated or unliquidated and which include without limitation a debt or liability to pay money or money’s worth, any liability under any statute or enactment, any liability for breach of trust, any liability in contract, tort or bailment and any liability arising out of an obligation to make restitution which would be admissible to proof in a compulsory winding-up of a company under the Companies Ordinance or the Cayman Companies Law
“Closing”	the completion of all the transactions contemplated under the Restructuring Agreement
“Closing Date”	the date being a business day on which Closing takes place or such other date as the Provisional Liquidators, the Company and the Investor may agree in writing
“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)

“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of the Investor Convertible Bonds or the Creditors Convertible Bonds
“Conversion Share(s)”	Reorganised Share(s) or New Share(s) to be issued to (i) the Investor upon conversion of the Investor Convertible Bonds; and (ii) the Scheme Creditors or the New Profit Stakeholders upon conversion of the Creditors Convertible Bonds, as the case may be
“Convertible Bonds”	the Creditors Convertible Bonds and the Investor Convertible Bonds
“Creditor”	a person to whom or which the Company owes a Claim other than the Preferential Creditors
“Creditors Convertible Bonds”	the convertible bonds to be issued by the Company with a principal amount of HK\$20,000,000 and tenure of one year bearing an interest rate of 2% per annum and convertible into New Shares at the option of the holders at the Conversion Price
“Creditors Subscription Agreement”	the subscription agreement dated 6 July 2010 entered into by New Profit, Key Winner, the Company and the Provisional Liquidators setting out the terms and conditions of the Creditors Convertible Bonds and was supplemented and superseded by the supplemental subscription agreement dated 27 May 2011
“Director(s)”	the director(s) of the Company
“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
“Ever Century”	Ever Century Holdings Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“Ever Century Shares”	700 ordinary shares of US\$1.00 each, being the entire issued share capital of Ever Century

“Excluded Shareholder(s)”	the Shareholder(s), whose addresses as shown on the register of members of the Company on the Open Offer Record Date are in places outside Hong Kong where based on the legal opinions provided by the relevant overseas legal advisors to the Company, the 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 entered into 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
“Forefront”	Forefront Finance Co., Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Hansom”	Hansom Finance Limited, a company incorporated in Hong Kong with limited liability
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Court”	the High Court of Hong Kong
“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
“ICAL”	Investec Capital Asia Limited (formerly known as Access Capital Limited), the independent financial advisor to the Independent Board Committee in relation to the Restructuring Agreement (including the Open Offer and the issue of the Convertible Bonds) and a corporation 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 as defined under the SFO

“Independent Board Committee”	the independent board committee of the Board established which comprises all the independent non-executive Directors, who have no direct or indirect interest in the Restructuring Agreement (including the Open Offer and the issue of the Convertible Bonds) for advising the Independent Shareholders in relation the Restructuring Agreement (including the Open Offer and the issue of the Convertible Bonds)
“Independent Shareholder(s)”	the independent Shareholders (i) who are not the Interested Shareholders who are interested in (otherwise than solely as a Shareholder) the transactions contemplated in the Restructuring Agreement (including the issue of the Convertible Bonds), and therefore 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 New EGM; or (ii) who are not the controlling Shareholder(s) and therefore permitted to vote in respect of the resolution to approve the Open Offer in the New 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 Creditors, namely QVT and Quintessence, holding an aggregate of 108,726 Reorganised Shares (adjusted for the Capital Reorganisation), representing approximately 0.05% of the existing issued share capital of the Company as at the date of this announcement
“Investor”	Radford Developments Limited, a company incorporated in the BVI 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 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 subscription agreement dated 27 May 2011

“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 and payment for the Offer Shares
“Last Trading Date”	30 July 2008, being the last trading date prior to the Suspension
“Latest Time for Termination”	4:30 p.m. on Tuesday, 2 August 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2011
“Merrier”	Merrier Limited, a company incorporated in the BVI with limited liability
“New EGM”	the extraordinary general meeting of the Company to be held to approve the Open Offer, the issue of Convertible Bonds, the Share Consolidation and other transactions contemplated in the Restructuring Agreement
“New Profit”	New Profit Holdings Limited (In Creditors’ Voluntary Liquidation), a company incorporated in Hong Kong and a former indirect non wholly-owned subsidiary of the Company which commenced voluntarily wound up in May 2010
“New Profit Luo Ding”	New Profit Garment (Luo Ding) Company Limited, a company incorporated in the PRC and a wholly-owned subsidiary of New Profit
“New Profit Stakeholders”	Swimwear, CITIC Bank and Noble Group Investment Limited and any other person that may be identified during the restructuring process
“New Proposal”	the new proposal for the restructuring of the Group proposed by the Investor to the Provisional Liquidators after the Previous Proposal was voted down and was epitomised by the Restructuring Agreement and the Supplemental Restructuring Side Letters

“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.
“Newco”	Shenzhen XZeZZ 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 becomes effective
“Open Offer”	the proposed issue of the Offer Shares on the basis of 339 Offer Shares for every 5 Reorganised Shares held by the Qualifying Shareholders on the Open Offer Record Date on the terms to be set out in the Prospectus Documents and summarised herein
“Open Offer Record Date”	Wednesday, 13 July 2011, the expected date by reference to which entitlements to the Open Offer will be determined
“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
“Overseas Shareholder(s)”	the Shareholder(s) with registered address on the register of members of the Company outside Hong Kong at the close of business on the Open Offer Record Date
“Posting Date”	Thursday, 14 July 2011, the expected date for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Preferential Creditor”	any creditor of the Company with a Claim against the Company which would be treated as a preferential claim and have a priority in a winding-up commenced on 10 September 2008 in Hong Kong pursuant to Section 265 of the Companies Ordinance

“Previous Circular”	the circular to the Shareholders dated 31 August 2010 issued by the Company in relation to the restructuring of the Company
“Previous EGM”	the extraordinary general meeting of the Company which was held on 15 September 2010
“Previous Proposal”	the proposal for the restructuring of the Group submitted on behalf of the Investor to the Provisional Liquidators as amended from time to time and was epitomised by the Restructuring Agreement and the Supplemental Restructuring Side Letter
“Prospectus”	the prospectus of 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 Open Offer Record Date
“Quintessence”	Quintessence Fund LP, a Creditor with a Claim of approximately HK\$9 million, representing approximately 0.73% of the total amount of Claims based on the latest published accounts of the Company as at 30 September 2010, and a Shareholder with an interest of 10,541 Reorganised Shares (adjusted for the Capital Reorganisation), representing approximately 0.005% of the existing issued share capital of the Company as at the date of this announcement
“QVT”	QVT Fund LP, a Creditor with a Claim of approximately HK\$83 million, representing approximately 6.76% of the total amount of the Claims based on the latest published accounts as at 30 September 2010 and a Shareholder with an interest of 98,185 Reorganised Shares (adjusted for the Capital Reorganisation), representing approximately 0.044% of the existing issued share capital of the Company as at the date of this announcement
“Reorganised Share(s)”	existing ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation became effect 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 the Supplemental Restructuring Side Letters dated 24 August 2010 and 27 May 2011 respectively
“Resumption Conditions”	<p>the following conditions set out in the Stock Exchange’s letter to the Company dated 26 May 2011 for the resumption of trading in the Shares:</p> <ol style="list-style-type: none"> 1) completion of the open offer, subscription of convertible bonds and all other transactions in the resumption proposal; 2) publication of a circular containing the following: <ol style="list-style-type: none"> a) detailed disclosure of the resumption proposal of the Company comparable to prospectus standard; b) profit forecasts for each of the two years ending 31 March 2013 which should be prepared by the directors (including proposed directors) after due and careful enquiry; and c) pro forma balance sheet upon completion of the resumption proposal; 3) provision of a comfort letter from the auditors or the financial advisor relating to working capital sufficiency for the next 12 months from the latest practicable date before expected resumption date; and 4) provision of an undertaking to (a) appoint an independent professional advisor to conduct follow-up reviews on the internal control procedures within 6 months from resumption date; and (b) disclose the review results in subsequent financial reports
“Revolving Facility”	the working capital loan by way of a revolving facility in an aggregate amount equal to HK\$15 million provided by the Investor to the Company pursuant to the letter agreement dated 8 November 2010 and supplemented on 17 May 2011

“Scheme Administrators”	such persons who are appointed as scheme administrators or their successors pursuant to the terms of the Hong Kong Scheme or Cayman Scheme, as the case may be
“Scheme Creditors”	those Creditors whose Claims are to be dealt with under the Schemes
“Scheme Meetings”	meetings of Creditors to sanction the Schemes
“Schemes”	the Cayman Scheme and the Hong Kong Scheme
“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 proposed share consolidation of every 10 Reorganised Shares into one New Share
“Shareholder(s)”	holder(s) of the Share(s)
“Special Deal”	the settlement of the Claims with those Creditors who are also Shareholders by way of cash consideration and the issue of the Creditors Convertible Bonds in the same proportion as the other Creditors (other than the Preferential Creditors) under the terms of the Schemes, which would constitute a special deal under Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-underwriting Agreements”	the sub-underwriting agreements to be entered into between the Underwriter and each of the sub-underwriters, each of the sub-underwriters will be a independent third party 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 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
“Subscription Price”	the subscription price of HK\$0.01 per Offer Share
Supplemental Creditors Subscription Agreement	the supplemental subscription agreement dated 27 May 2011 entered into by New Profit, Key Winner, the Company and the Provisional Liquidators 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 such that (i) Completion is conditional on, save for all other conditions remaining unchanged, the Special Deal being approved by the Shareholders and the Executive; and (ii) the Long Stop Date is extended to 15 December 2010
“Supplemental Restructuring Side Letters”	the Supplemental Restructuring Side Letter and the Second Supplemental Restructuring Side Letter
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement to be entered into between the Company and the Underwriter to supersede the Underwriting Agreement
“Suspension”	the suspension of trading in the Shares on the Stock Exchange since 30 July 2008

“Swimwear”	Tack Fat Swimwear Manufacturing Limited (In Liquidation), a former indirectly wholly-owned subsidiary of the Company
“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 will be superseded by a supplemental underwriting agreement
“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 if they are regarded as the Qualifying Shareholders and any fractional entitlement thereof
“Voting Results Announcement”	the announcement of the Company dated 15 September 2010 in relation to the voting results of the extraordinary general meeting of the Company held on 15 September 2010
“Whitewash Waiver”	the waiver of the obligation of the Investor, its ultimate beneficial owner and parties acting in concert with any of them to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by them which would otherwise arise as a result of the transactions contemplated under the Restructuring Agreement and the Investor Subscription Agreement relating to the conversion of the Investor Convertible Bonds
“Working Capital Account”	an account in the name of and controlled by the Provisional Liquidators into which the Investor has deposited HK\$10 million pursuant to the Exclusivity and Escrow Agreement
“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 XXEZZ

“%”

per cent

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

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*

Hong Kong, 2 June 2011

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