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TACK FAT GROUP INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

I. DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN Z & Z INTERNATIONAL LIMITED AND II. EXTENDING THE SCOPE OF PRINCIPAL ACTIVITIES

THE SALE AND PURCHASE AGREEMENT

The Board announces that on 30 August 2011, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the First Vendor and the Second Vendor to acquire the First Sale Shares and the Second Sale Shares, respectively which together represent the entire issued share capital in the Target Company, at a total consideration of HK\$16,000,000, of which HK\$7,552,000 will be payable to the First Vendor or his nominee; and of which HK\$8,448,000 will be payable to the Second Vendor or his nominee. Upon completion of the Agreement, the Target Company together with its subsidiaries will become indirect wholly-owned subsidiaries of the Company.

LISTING RULES IMPLICATION

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

EXTENDING THE SCOPE OF PRINCIPAL ACTIVITIES

The Group intends to extend the scope of its existing principal activities to include money lending business and securities investment business, so as to diversify its business scope with a view to broaden the Group's revenue base and achieve better Shareholder's return.

DISCLOSEABLE TRANSACTION

Background

The Board announces that on 30 August 2011, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the First Vendor and the Second Vendor to acquire the First Sale Shares and the Second Sale Shares, which together represent the entire issued share capital in the Target Company, at a total consideration of HK\$16,000,000. Upon completion of the Agreement, the Target Company together with its subsidiaries will become indirect wholly-owned subsidiaries of the Company.

The principal terms and condition of the Agreement are set out below:

- Date : 30 August 2011
- Parties : (1) the Purchaser
(2) the First Vendor
(3) the Second Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and its connected persons.

Assets

The Purchaser agreed to acquire and (i) the First Vendor agreed to sell the First Sale Shares, and (ii) the Second Vendor agreed to sell the Second Sale Shares, which together represent the entire issued share capital in the Target Company. As at the date of this announcement, the Target Company was owned as to 47.2% by the First Vendor and 52.8% by the Second Vendor.

Consideration

The total consideration of HK\$16,000,000 for the Acquisition will be payable by the Purchaser, of which HK\$7,552,000 will be payable to the First Vendor or his nominee; and of which HK\$8,448,000 will be payable to the Second Vendor or his nominee in cash. The consideration for the Acquisition is arrived after arm's length negotiation among the parties to the Agreement and made reference to the net asset value of the Target Group as at 31 December 2010, being approximately HK\$37.711 million.

The Company intends to fund the Acquisition from internal resources.

Conditions of the Agreement

Completion of the Acquisition is conditional upon the fulfilment or waiver (as the case may be) the following conditions precedent:

- (A) the Purchaser having notified the Vendors that it being satisfied with the financial and legal due diligence review on the Target Group; and
- (B) the Vendors having issued a confirmation certifying that the warranties and representations in the Agreement remaining true and accurate in all respect and not misleading in any respect at all times from the date of the Agreement up to and including the date of such confirmation, which shall be dated no more than one Business Day prior to the Completion Date.

The Purchaser may waive the above conditions precedent at any time by notice in writing to the Vendors. If the conditions precedent are not fulfilled or waived on or before the Long Stop Date or such later date as may be agreed between the Vendors and the Purchaser, this Agreement shall terminate and none of the parties to the Agreement shall have any claim against the other for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims. The obligations of the Vendors under the Agreement are joint and several.

Completion

Completion shall take place on the Completion Date.

Information on the Target Group

The Target Group is a retail group offering a variety of products and services including high-end audio systems, luxury watches, fashion accessories, children's wear, custom designed antique-style furniture, as well as professional nail polishing services. The Target Group's retail outlets are positioned in the prime locations in Hong Kong and the PRC with target customers being middle to high income individuals.

Financial information on the Target Group

Below sets out the financial information on the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the seven-month period ended 31 July 2011	For the year ended 31 December	
	2011	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Approximately (unaudited)</i>	<i>Approximately (audited)</i>	<i>Approximately (unaudited)</i>
Loss before income tax	9,808	13,130	16,763
Loss after income tax	9,808	13,130	16,763
	As at 31 July 2011	As at 31 December	
		2010	2009
Net asset value	38,536	37,711	31,820

Based on the unaudited management accounts of the Target Company for the seven-month period ended 31 July 2011, the Target Group had cash and bank balances of approximately HK\$4.75 million, and rental and utility deposits of approximately HK\$2.38 million.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into that of the Group.

Reasons for and benefits of entering into the Agreement

The Group is principally engaged in apparel retail business under the brand name “XXEZZ” in the PRC. Upon the successful financial restructuring of the Company, the Shares have resumed trading on 9 August 2011. The Company is joined by a dedicated team of experienced management in order to revamp the image and design to some of its stores and products. The Board considers the Acquisition reflects a good opportunity for the Group to diversify its retail business while certain products offer synergy to the Group’s existing business which are in the interests of the Company and its Shareholders as a whole.

The Directors consider that the Acquisition is in the ordinary and usual course of business of the Group and the terms of the Agreement have been agreed on an arm’s length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

General

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

EXTENDING THE SCOPE OF PRINCIPAL ACTIVITIES

The Group is exploring the possibility to diversify into other business areas to improve the earnings of the Group in the long run. The Group intends to extend the scope of its existing principal activities to include money lending business and securities investment business. As at the date of this announcement, the Group is in the preparation process of applying for a money lender license, and the Company is also in the course of formulating its treasury policy in relation to the proposed securities investments business with regard to its proper monitoring and risk control. It is intended that the money lending business will enable the Group to generate stable interest income. It is intended that the securities investments will provide the Group with a reasonable yield as well as capital appreciation at an acceptable level of risk utilizing the surplus cash in hand.

Accordingly, the Board is of the view that engaging in money lending business and securities investment business will enable the Group to diversify its business scope with a view to broaden the Group's revenue base and achieve better Shareholders' return and therefore, is in the interest of the Company and its Shareholders as a whole.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares pursuant to the terms and conditions of the Agreement
“Agreement”	a conditional sale and purchase agreement dated 30 August 2011 entered into between the Vendors and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday, a public holiday in Hong Kong or a day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business
“Company”	Tack Fat Group International Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the Business Day following the date of fulfilment or waiver of the conditions as set out in the Agreement, or such other date the Purchaser and the Vendors may agree
“connected persons”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“First Sale Shares”	6,546 ordinary shares of US\$1.00 each, representing 47.2% of the issued share capital of the Target Company as at the date of this announcement
“First Vendor”	Mr. Au Yeung Kai Wah, being the legal and beneficial owner of the First Sale Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2011 or such other date the Purchaser and the Vendors may agree
“Purchaser”	Tack Fiori International Group Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (excluding for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Sale Shares”	the First Sale Shares and the Second Sale Shares
“Second Sale Shares”	7,324 ordinary shares of US\$1.00 each, representing 52.8% of the issued share capital of the Target Company as at the date of this announcement
“Second Vendor”	Mr. Chan Chak Kai, Kenneth, being the legal and beneficial owner of the Second Sale Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Z & Z International Limited, a company incorporated in the British Virgin Islands with limited liability, and owned as to 47.2% by the First Vendor and 52.8% by the Second Vendor, respectively
“Target Group”	the Target Company and its subsidiaries

“US\$”	United States dollars, the lawful currency of the United States
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent.

For and on behalf of
TACK FAT GROUP INTERNATIONAL LIMITED
Liu On Bong, Peter
Vice Chairman

Hong Kong, 30 August 2011

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Chiu Siu Po (*Chairman*)
Mr. Liu On Bong, Peter (*Vice Chairman*)
Mr. Ho Tak Fun
Mr. Au Wai June
Mr. King Phillip

Independent Non-Executive Directors:

Dr. Leung Shiu Ki, Albert
Mr. Robert James Iaia II
Ms. Lam Yan Fong, Flora
Mr. Yau Yan Ming, Raymond
Mr. Miu H., Frank