

*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 representations 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.*



## **HANG TEN GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00448)**

### **DISCLOSEABLE TRANSACTION AMENDMENTS TO AND CLOSING OF AGREEMENT**

On 22 June 2009, ILC and ABH entered into the Fourth Amendment Agreement, pursuant to which, among other things, the parties agreed to certain amendments to the Agreement (as set out below) and that Closing should occur on the date of the Fourth Amendment Agreement.

Reference is made to the announcements of the Company dated 27 May 2008 (the “**Announcement**”), 10 December 2008, 22 January 2009, 24 February 2009, 26 March 2009 and the circular of the Company dated 13 June 2008, in relation to the sale, transfer and assignment by ILC Trademark Corporation, a wholly owned subsidiary of Hang Ten Group Holdings Limited, of various rights in the trademarks and service marks of “HANG TEN”, “Double Foot Print Device”, “HANG TEN & Double Foot Print Device”, “Footprint & Design”, “Footprint Design” and “HANG TEN & design” with respect to the countries of the United States and Canada and their respective territories and possessions. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context herein requires otherwise.

#### **AMENDMENTS TO THE AGREEMENT**

On 22 June 2009, ILC and ABH entered into an amendment agreement (the “**Fourth Amendment Agreement**”), pursuant to which, among other things, the parties agreed the following:

- (1) of the Purchase Price in the amount of US\$10,400,000 (of which the sum of US\$2,290,000 had been paid (with 15% of which being paid to EPN as commission) prior to the signing of the Fourth Amendment Agreement), ABH shall pay:
  - (i) US\$811,000 (as to US\$689,350 to ILC and as to 15% of which, being US\$121,650, to EPN as commission) at Closing; and
  - (ii) US\$7,501,523.84, representing the aggregate of (x) US\$7,299,000 (the “**Balance Purchase Price Amount**”), and (y) the Balance Interest Amount (as defined below), by way of delivery to ILC at Closing of a promissory note in the principal amount of US\$7,501,523.84 (the “**Promissory Note**”) executed by ABH, which provides that US\$1,125,228.58 (representing 15% of the principal amount of the Promissory Note) shall be paid directly to EPN (as commission);
- (2) an aggregate amount of US\$412,523.84 had accrued up to the date of the Fourth Amendment Agreement as interest on the Purchase Price and that ABH already paid US\$210,000 of such interest, leaving a balance of US\$202,523.84 (the “**Balance Interest Amount**”);

- (3) ABH will pledge, assign and grant to ILC a security interest in the Trademarks by entering into an Intellectual Property Security Agreement, and two principals of ABH will enter into a conditional guarantee in favour of ILC in respect of the obligations of ABH under the Promissory Note. The guarantee is enforceable upon the occurrence of a bankruptcy event with respect to ABH, or a breach of certain restrictions regarding licensing of the Trademarks by ABH (“**Licensing Default**”) as described in the guarantee; and
- (4) Closing shall occur on the date of the Fourth Amendment Agreement.

**CERTAIN PRINCIPAL TERMS OF THE PROMISSORY NOTE**

**Principal Amount:** US\$7,501,523.84

**Interest:**

The principal balance under the Promissory Note (i.e. Balance Purchase Price Amount and Balance Interest Amount) outstanding from time to time shall bear interest from and after the date of issue of the Promissory Note (the “**Issue Date**”) through and including the Maturity Date (as defined below) at the annual rate of 6% (the “**Interest Rate**”) compounded on a quarterly basis until such interest accrued equals \$100,000. Thereafter the Balance Interest Amount shall not bear further interest, but the Balance Purchase Price Amount shall bear simple interest at the Interest Rate through and including the Maturity Date. Interest shall be calculated on the basis of a three hundred sixty-five (365) day year and accrued on a daily basis for the actual number of days elapsed.

Subject as otherwise provided in the Promissory Note, and except for the Kicker Amounts (as defined below), no interest shall be required to be paid prior to the Maturity Date.

EPN shall not be entitled to any interest under the Promissory Note.

**Timing of Payments:**

Within 65 days following each date specified in the column entitled “Contract Payment Date” below, ABH shall pay at least the amount specified opposite thereto in the column entitled “Minimum Payment” and subject to the provisions of the Promissory Note, the column entitled “Kicker amount to ILC”. The column entitled “Minimum Payment to EPN” below represents the 15% commission payable to EPN. The Minimum Payments made by ABH to ILC and EPN shall correspondingly reduce the Balance Purchase Price Amount.

<b>Contract Payment Date</b>	<b>Minimum Payment</b>	<b>Minimum Payment to ILC</b>	<b>Minimum Payment to EPN</b>	<b>Kicker Amount to ILC</b>
2 November 2009	\$255,150.00	\$216,877.50	\$38,272.50	N/A
1 February 2010	\$255,150.00	\$216,877.50	\$38,272.50	N/A
3 May 2010	\$297,000.00	\$252,450.00	\$44,550.00	N/A
2 August 2010	\$172,000.00	\$146,200.00	\$25,800.00	\$125,000
1 November 2010	\$297,000.00	\$252,450.00	\$44,550.00	N/A
31 January 2011	\$297,000.00	\$252,450.00	\$44,550.00	N/A

<b>Contract Payment Date</b>	<b>Minimum Payment</b>	<b>Minimum Payment to ILC</b>	<b>Minimum Payment to EPN</b>	<b>Kicker Amount to ILC</b>
2 May 2011	\$333,000.00	\$283,050.00	\$49,950.00	N/A
1 August 2011	\$208,000.00	\$176,800.00	\$31,200.00	\$125,000
31 October 2011	\$333,000.00	\$283,050.00	\$49,950.00	N/A
30 January 2012	\$333,000.00	\$283,050.00	\$49,950.00	N/A
30 April 2012	\$414,000.00	\$351,900.00	\$62,100.00	N/A
30 July 2012	\$239,000.00	\$203,150.00	\$35,850.00	\$175,000
29 October 2012	\$414,000.00	\$351,900.00	\$62,100.00	N/A
4 February 2013	\$414,000.00	\$351,900.00	\$62,100.00	N/A
6 May 2013	\$284,000.00	\$241,100.00	\$42,600.00	\$175,000

The Promissory Note provides that if under certain circumstances the minimum guaranteed royalties payable under certain license agreement specified in the Promissory Note are reduced, the Minimum Payments payable thereafter as set forth above shall also be reduced proportionally up to a maximum reduction of 15% of the original Minimum Payment amounts as set forth above.

**Kicker Amount:**

If there is outstanding amount under the Promissory Note (“**Outstanding Amount**”) on each of the first, second and third anniversary of the Issue Date and 31 January 2013 (each a “**Kicker Reference Date**”), additional interest (“**Kicker Amount**”) shall be payable to ILC as follows:

- (1) in relation to the first and second Kicker Reference Date, the amount of US\$125,000; and
- (2) in relation to the third and fourth Kicker Reference Date, the amount of US\$175,000.

It is agreed that where there is Outstanding Amount after the third Kicker Reference Date, but before the fourth Kicker Reference Date, ABH shall pay a proportionate amount of the Kicker Amount.

EPN shall not be entitled to any Kicker Amount under the Promissory Note.

**Maturity:**

On 30 June 2013 (the “**Maturity Date**”), the entire unpaid principal balance and all accrued and unpaid interest (and any other amounts payable (including any Kicker Amounts)) shall be due and payable.

Notwithstanding any other provisions contained in the Promissory Note, if ABH shall have repaid all Balance Purchase Price Amount, the entire Balance Interest Amount and other accrued interests (including Kicker Amount) shall become immediately due and payable on the date of last payment of Balance Purchase Price Amount.

## **No Further Payment under the Promissory Note**

Subject to the provisions of the Promissory Note, if a default under the Promissory Note shall occur, there has not occurred a Licensing Default, and ABH completes the transfer to ILC title to the Trademarks, or the same are otherwise assigned to ILC, then no further payments under the Promissory Note shall be required to be paid to ILC or EPN.

## **Prepayments**

Subject to the provisions of the Promissory Note, ABH shall have the right to prepay all or any amounts outstanding under the Promissory Note at any time without charge or premium.

## **Default:**

The Promissory Note provides that upon the happening of certain events of defaults (“**Events of Default**”), ILC may declare the entire balance of principal and interest under the Promissory Note immediately due and payable. During the continuance of an Event of Default and at such time as the Promissory Note becomes due in full, the unpaid principal balance, accrued interest and costs incurred shall from and after such date bear interest until paid at a rate equal to 18% per annum.

## **GENERAL**

As at the date of this announcement, the executive Directors are Chan Wing Sun, Kenneth Hung, Kao Yu Chu and Wang Li Wen and the independent non-executive Directors are Cheung Yat Hung Alton, Kwong Chi Keung and So Hon Cheung Stephen.

By order of the board of Directors  
**Hang Ten Group Holdings Limited**  
**Lee Kin Keung Lawrence**  
*Company Secretary*

Hong Kong, 23 June 2009