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## **HANG TEN GROUP HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 448)**

### **UPDATE ON TAX DISPUTE ADDITIONAL PROVISIONS**

In the late afternoon of 18 September 2009, the Group received the Judgment, which ruled in favour of the Tax Authority. Based on the Judgment, additional value added tax and penalties in the aggregate amount of approximately 293.67 million New Taiwan dollars (“NT\$”) (equivalent to approximately US\$9.06 million) are imposed on the Group.

Having consulted the Group’s tax advisors on the Judgment, the Board considers that there are merits in the Group’s dispute against the Claim and decides to appeal against the Judgment and proceed for retrial of the Claim. Despite the aforesaid, the Board is of the view that the operation and business of the Group will not be affected or interrupted as a result thereby, and in the event the final outcome on the Claim shall not be in favour of the Group, the Group has sufficient financial resources to meet the additional value added tax and penalties imposed on it. As the Group is required to settle first the additional value added tax imposed on it before making an appeal against the Judgment and proceeding for retrial of the Claim, therefore for prudence, the Company will make additional provisions in respect of the Claim for approximately NT\$251.42 million (equivalent to approximately US\$7.76 million) for the current financial year ending 31 March 2010, which may have an adverse material impact on the financial results of the Group for the current financial year.

Reference is made to the announcements of the Company dated 17 December 2003 and 25 February 2009 (the “**Announcements**”), in relation to the tax dispute between the Group and the Tax Authority in Taiwan. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless the context herein requires otherwise.

#### **CURRENT STATUS**

In the late afternoon of 18 September 2009, the Group received the judgment (“**Judgment**”) from the 最高行政法院 (Supreme Administrative Court) upon the appeal of the Group, which ruled in favour of the Tax Authority. Based on the Judgment, additional value added tax and penalties in the aggregate amount of approximately 293.67 million New Taiwan dollars (“NT\$”) (equivalent to approximately US\$9.06 million) are imposed on the Group.

Having consulted the Group’s tax advisors on the Judgment, the Board considers that there are merits in the Group’s dispute against the Claim and decides to appeal against the Judgment and proceed for retrial of the Claim.

Despite the aforesaid, the Board is of the view that the operation and business of the Group will not be affected or interrupted as a result thereby, and in the event the final outcome on the Claim shall not be in favour of the Group, the Group has sufficient financial resources to meet the additional value added tax and penalties imposed on it. The Company has previously made provisions in the amount of approximately NT\$42.25 million (equivalent to approximately US\$1.3 million) in respect of the Claim. As the Group is required to settle first the additional value added tax imposed on it (being the sum of approximately NT\$32 million (equivalent to approximately US\$0.98 million)) before making an appeal against the Judgment and proceeding for retrial of the Claim, therefore for prudence, the Company will make additional provisions in respect of the Claim for approximately NT\$251.42 million (equivalent to approximately US\$7.76 million) for the current financial year ending 31 March 2010, which may have an adverse material impact on the financial results of the Group for the current financial year.

Further announcements will be made by the Company regarding any new progress on the proceeding regarding the Claim in compliance with the Listing Rules.

## **GENERAL**

Shareholders of the Company and public investors are advised to exercise extreme caution when dealing in the shares of the Company.

For the purpose of this announcement, the exchange rate of NT\$32.4 = US\$1 has been used for currency translation. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in US\$ or NT\$ have been, could have been or may be converted at such or any other rate or at all.

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, 22 September 2009