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## **TACK FIORI INTERNATIONAL GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 928)**

### **PROFIT WARNING AND EXISTING BUSINESS UPDATES**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

#### **PROFIT WARNING**

The Board wishes to inform shareholders of the Company and potential investors that the unaudited consolidated interim result of the Group for the first half of the financial year ended 30 September 2012 is expected to reflect a significant decrease in profit or may even incur a loss as compared to that of the corresponding period ended 30 September 2011.

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

#### **EXISTING BUSINESS UPDATES**

Due to the fierce competition in the retail business compounded with a slower than expected economic growth in the PRC, the Group has not been able to achieve the growth rate of authorized retailers as well as self-operating stores as projected in the Company's circular dated 28 June 2011.

In view of this, the Group is exploring the possibilities of business diversification. Notwithstanding the above, the Group continues to devote resources in its retail business and is committed to broaden its product variety as well as to enhance its brand image so as to increase the sales of the Group's retail business in the long run.

#### **PROFIT WARNING**

This announcement is made by Tack Fiori International Group Limited (the "Company" and together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors of the Company (the “Board”) wishes to inform shareholders of the Company and potential investors that for the first half of the financial year ended 30 September 2012, the unaudited consolidated interim result of the Group is expected to reflect a significant decrease in profit or may even incur a loss as compared to that of the corresponding period ended 30 September 2011. This decrease is primarily attributable to (i) the exclusion of gain on debt restructuring and deconsolidation of subsidiaries recorded in previous correspondence period ended 30 September 2011; and (ii) reduction in the recorded sales of the Group’s apparel retail business in PRC as a result of downturn in the retail market of PRC and delayed schedule of the new outlets opening.

The information contained in this announcement is only based on the Board’s current assessment of the market conditions and the latest management accounts of the Group which have not yet been confirmed or audited. Details of the Group’s performance for the first half of the financial year ended 30 September 2012 will be disclosed in the interim results announcements of the Group due to be published before the end of November 2012.

**Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.**

#### **UPDATES ON EXISTING BUSINESS OPERATIONS**

Due to the fierce competition in the retail business compounded with a slower than expected economic growth in the People’s Republic of China (“PRC”), the Group was not able to maintain business relationships with the existing authorized retailers or reach mutually favorable terms and conditions with potential authorized retailers. Thus, the Group has not been able to reach the expected growth rate of authorized retailers as stated in the Company’s circular dated 28 June 2011. The management has been reviewing and assessing the business expansion plan from time to time. Pursuant to the existing market conditions, the management has decided to focus on the re-branding of XXEZZ apparel products and accessories and improving the performance of its self-operating stores. By doing so, the Group believes this will regain the confidence of the potential authorized retailers and increase the number of authorized retailers.

As of 30 September 2012, the total gross floor area of the Group’s outlets stood at 4,574 square meters, amounting to over 70% of the expected accumulated floor area of 6,275 square meters stated in the Company’s circular dated 28 June 2011. The Group continues to negotiate with strategic property developers and certain department stores in the PRC when opportunity arises so as to increase the Group’s number of self-operating stores. However, the expansion plan of the Group was hindered by the renovation plans of certain department stores as well as the lengthy time required to finalize the cooperation terms with the potential business partners. Despite the above, given the amicable relationship between the Group and the mentioned potential business partners, the Group still expects that the accumulated shop area of 6,275 square meters can be achieved within 2013.

The Group has not been able to achieve the growth rate of authorized retailers as well as the number of self-operating stores as disclosed in the Company's circular dated 28 June 2011. In view of this, the Group is exploring the possibilities of business diversification. Notwithstanding the above, the Group continues to devote resources in its retail business and is committed to broaden its product variety as well as to enhance its brand image so as to increase the sales of the Group's retail business in the long run.

By order of the Board of  
**Tack Fiori International Group Limited**  
**Liu On Bong, Peter**  
*Vice Chairman*

Hong Kong, 30 October 2012

*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. Chan Chak Kai, Kenneth  
Mr. Wan Wai Hei, Wesley  
Mr. Au Wai June  
Mr. Ng Jackson

*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