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TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



FREEMAN SECURITIES LIMITED

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announced that on 20 December 2012, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place for 127,280,496 new Shares on fully underwritten basis, to not less than six Placées, at a price of HK\$0.085 per Share.

A total of 127,280,496 Placing Shares under the Placing represents approximately 13.33% of the existing issued share capital of the Company of 954,603,721 Shares as at the date of this announcement and approximately 11.76% of the then issued share capital of 1,081,884,217 Shares as enlarged by the Placing.

The Placing Price of HK\$0.085 represents (i) a discount of approximately 15.84% to the closing price of the Shares of HK\$0.101 quoted on the Stock Exchange on 20 December 2012, being the date of the Placing Agreement and (ii) a discount of approximately 17.79% to the average closing price of the Shares of HK\$0.1034 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 December 2012.

The gross proceeds from the Placing will be approximately HK\$10.82 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) will be approximately HK\$10.40 million, which will be used to finance investment opportunities in the retail industry.

The Placing is conditional upon (among other things) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The Placing Shares are to be issued and allotted under the General Mandate.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announced that on 20 December 2012, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place for up to 127,280,496 new Shares on a fully underwritten basis, to not less than six Placees, at a price of HK\$0.085 per Share.

The Placing Agreement

Date:

20 December 2012

Issuer:

The Company

Placing Agent and Placees:

Freeman Securities Limited is the Placing Agent. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of and not connected to the Company and its connected persons.

The Placees, being independent individual, institutional and/or professional investors, who and whose ultimate beneficial owners will be third parties independent of and not connected to the Company and its connected persons.

The Placing is conducted on a fully underwritten basis. The Placing Shares will be placed to not less than six Placees. It is expected that none of the Placees will become substantial Shareholder(s) (as defined under the Listing Rules) of the Company upon completion of the Placing.

Number of Placing Shares:

A total of 127,280,496 Placing Shares under the Placing represents approximately 13.33% of the existing issued share capital of the Company of 954,603,721 Shares as at the date of this announcement and approximately 11.76% of the then issued share capital of 1,081,884,217 Shares as enlarged by the Placing.

Ranking of Placing Shares:

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price:

The Placing Price of HK\$0.085 represents (i) a discount of approximately 15.84% to the closing price of the Shares of HK\$0.101 quoted on the Stock Exchange on 20 December 2012, being the date of the Placing Agreement; and (ii) a discount of approximately 17.79% to the average closing price of the Shares of HK\$0.1034 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 20 December 2012.

The net placing price for the Placing is approximately HK\$0.082 per Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and is in the interests of the Company and Shareholders as a whole.

Placing commission payable to the Placing Agent:

The Placing Agent will receive a placing commission calculated as 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

Conditions of the Placing Agreement:

Completion is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The Company and the Placing Agent shall use their respective best endeavours to procure the fulfilment of the conditions and furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as reasonably required by each other and/or the Stock Exchange and/or the SFC in connection with the fulfilment of the conditions.

If the conditions are not fulfilled on or prior to 31 January 2013 (or such later date as the Company and the Placing Agent shall agree in writing), the Placing Agreement and all the obligations thereunder will cease and terminate. No party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Termination and Force Majeure Events

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Placing Agreement. In the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date thereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the People's Republic of China or the implementation of exchange controls which shall or may materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

General Mandate:

The Placing Shares will be allotted and issued pursuant to the refreshed general mandate granted to the Directors at the annual general meeting held on 27 September 2012. Under this refreshed general mandate, the Directors are allowed to allot and issue up to 127,280,496 Shares. As at the date of this announcement, no Shares have been issued and allotted under such general mandate and therefore, the Company is allowed to issue a maximum of 127,280,496 Shares under such general mandate. The Placing Shares will utilise fully the said 127,280,496 Shares that are allowed to be allotted and issued under such general mandate. Accordingly, the Directors may consider refreshment of general mandate before the forthcoming annual general meeting if thought fit and comply with the relevant requirements under the Listing Rules.

Completion:

Completion of the Placing shall take place on the second Business Day following the fulfillment of the conditions of the Placing (or such other time or date as the Company and the Placing Agent shall agree in writing).

The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Reasons for the Placing and Use of Proceeds

The Company is principally engaged in (i) apparel retail business in the PRC and (ii) luxury goods and accessories retail business (watches, audio equipments and products, and other accessories) and the sale of crystal gemming services and products in Hong Kong and the PRC.

As mentioned in the Company's announcement dated 30 October 2012, the Company expected a significant decrease in profit or may even incur a loss on the Group's unaudited interim results ended 30 September 2012. This 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 the PRC as a result of downturn in the PRC retail market and delayed launch schedule of new outlets. Accordingly, the Company proposed a rights issue on the basis of one rights share for every two existing Shares held on the record date and raised net proceeds of HK\$76.31 million. Detailed breakdown of the intended use has been disclosed in the section under "Fund Raising Activities in the Past Twelve Months". Although the Company has not yet utilised all the proceeds from the aforementioned rights issue, the Company has no intention to change the intended uses of the proceeds from the rights issue as at the date of this announcement. Accordingly, the Company entered into the Placing to generate additional financial resources to fuel the purposes stated below.

The gross proceeds from the Placing will be approximately HK\$10.82 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) of approximately HK\$10.40 million will be used to finance investment opportunities within the retail industry.

In view of the impending slowdown of China's growth and the escalating economic crisis in Europe which may adversely affect the Group's business, the Board believes it is crucial to have more financial flexibility and working capital for the Group's business expansion, as well as more cash to buffer against the adverse market environment. Further, in order to enhance the Group's operation results, the Company intends to achieve related business diversification within the retail industry which will be financed by the additional financial resources generated from the Placing. In the meantime, the Company can take this opportunity to broaden its capital and shareholders base of the Company.

Further, as the Placing will utilise the General Mandate in full, the Placing is expected to be completed within January 2013 upon the fulfillment of the conditions under the Placing Agreement. Accordingly, the Company will be able to receive the net proceeds from the

Placing within a short period of time. Therefore, the Directors consider the Placing Agreement and the Placing is in the interest of the Company and the Shareholders as a whole.

Fund Raising Activities in the Past Twelve Months:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
2 November 2012	Rights issue on the basis of one rights share for every two Shares held on the record date	HK\$76.31 million	General working capital to the Group including re-branding and revitalizing of the Group's apparel products and accessories, refurbishing existing retail stores with the Company's new brand direction and fueling future expansion plans.	Will be used as intended and not yet utilised as at the date of this announcement
23 December 2011	Placing of new shares under general mandate	HK\$44 million	General working capital as well as to develop retail business opportunities	Used as intended

Shareholding Structure of the Company

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing are set out as below.

For illustration purposes:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
Substantial Shareholder				
Radford Developments Limited (<i>Note 1</i>)	175,000,000	18.33	175,000,000	16.18
Public Shareholders				
Places	—	—	127,280,496	11.76
Other public Shareholders	<u>779,603,721</u>	<u>81.67</u>	<u>779,603,721</u>	<u>72.06</u>
Total	<u>954,603,721</u>	<u>100.00</u>	<u>1,081,884,217</u>	<u>100.00</u>

Notes:

- Radford Developments Limited is a company incorporated in the British Virgin Islands with limited liability.

2. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Placing, and Placing Agent has placed a total of 127,280,496 Placing Shares to not less than six independent Placees. It is expected that none of the Placees will become substantial Shareholder(s) of the Company (as defined under the Listing Rules) upon completion of the Placing.

DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	Tack Fiori International Group Limited (Stock Code: 0928), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual, institutional and/or professional investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of a total of 127,280,496 new Shares on a fully underwritten basis by the Placing Agent at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Freeman Securities Limited, a licensed corporation within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 20 December 2012 in respect of the Placing
“Placing Price”	HK\$0.085 per Share

“Placing Shares”	a total of 127,280,496 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
TACK FIORI INTERNATIONAL GROUP LIMITED
Liu On Bong, Peter
Vice Chairman

Hong Kong, 20 December 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