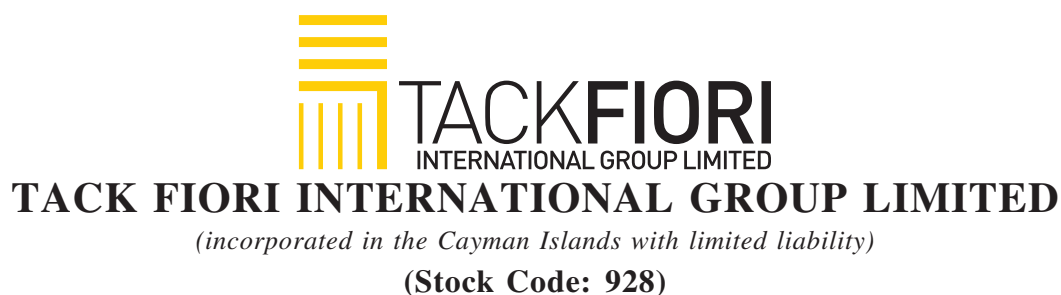


**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in Tack Fiori International Group Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**PROPOSALS FOR THE GRANTING OF ISSUE MANDATE;  
REFRESHMENT OF SCHEME MANDATE LIMIT OF  
THE SHARE OPTION SCHEME;  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders of Tack Fiori International Group Limited**



A letter from the Board is set out on pages 3 to 9 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 10 to 11 of this circular. A letter from United Simsen containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 22 of this circular.

A notice convening the EGM to be held at 4:00 p.m. on Monday, 25 March 2013 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong is set out on pages 23 to 25 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, **Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

8 March 2013

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## DEFINITIONS

*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:*

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors of the Company
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 4:00 p.m. on Monday, 25 March 2013 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong, or any adjournment thereof, notice of which is set out on pages 23 to 25 of this circular
“General Mandate”	the issue mandate granted by Shareholders at the annual general meeting of the Company held on 27 September 2012 to allot, issue and deal with up to a maximum of 127,280,496 new shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors of the Company to advise the Independent Shareholders in respect of the granting of Issue Mandate
“Independent Shareholder(s)”	any Shareholders other than controlling Shareholders of the Company and their associates or, if there are no controlling Shareholders, any Shareholders other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the proposed mandate to be sought at the EGM to authorize the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of share capital of the Company in issue as at the date of the EGM

## DEFINITIONS

“Latest Practicable Date”	4 March 2013 being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share Option(s)”	option(s) to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	The share option scheme adopted and approved by the Company on 18 September 2012
“Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United Simsen”	United Simsen Securities Limited, a licensed corporation to carry on business in Type 1, 2, 4 and 6 regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the granting of Issue Mandate
“%”	per cent.

LETTER FROM THE BOARD



**TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

*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

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*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

*Principal place of business  
in Hong Kong:*

8th Floor  
China United Centre  
28 Mable Road  
North Point  
Hong Kong

8 March 2013

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR THE GRANTING OF ISSUE MANDATE;  
REFRESHMENT OF SCHEME MANDATE LIMIT OF  
THE SHARE OPTION SCHEME;  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you information regarding resolutions to be proposed at the EGM, relating to (i) the granting of Issue Mandate and the refreshment of scheme mandate limit of Share Option Scheme; (ii) the recommendation from the Independent Board Committee regarding the granting of Issue Mandate; (iii) the recommendation from United Simsen to the Independent Board Committee and the Independent Shareholders regarding the granting of Issue Mandate; and (iv) notice of the EGM.

## LETTER FROM THE BOARD

### GRANTING OF ISSUE MANDATE

At the annual general meeting of the Company held on 27 September 2012, the Shareholders approved, among other things, an ordinary resolution to grant the Directors the General Mandate to issue, allot and deal with up to 12,728,049 new Shares (adjusted following the share consolidation of the Company becoming effective on 31 January 2013), which is equivalent to 20% of the then issued share capital of the Company as at the date of the said annual general meeting.

The Company entered into an underwriting agreement on 2 November 2012, in relation to the rights issue on the basis of one rights share for every two shares which was completed on 7 December 2012. Accordingly, 31,820,124 rights shares (adjusted for the effect of share consolidation) had been successfully issued and allotted and net proceeds from the rights issue amounted to approximately HK\$76.31 million. As a result, the issued share capital of the Company was 95,460,372 Shares (adjusted for the effect of share consolidation) by then. As at the Latest Practicable Date, the net proceeds of approximately HK\$19 million was used as intended, of which approximately HK\$1.3 million was utilised for professional advisory fee for previous fund raising activities; approximately HK\$2.0 million was utilised for rental and management fee; approximately HK\$3.5 million was utilised for salary and remuneration; approximately HK\$5.0 million was dedicated to purchase stocks for existing business operation; approximately HK\$7.0 million was utilised in retail shops decoration; and approximately HK\$0.2 million was utilised for commercial printing services. The remaining balance will be used as intended for general working capital of 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, in particular, as follows:

1. the average net cash outflow of the Group is approximately HK\$8.15 million per month; and
2. the one-off payment (include online marketing and developing and decoration expenditures for retail stores) is approximately HK\$11.0 million.

The Company entered into a placing agreement on 20 December 2012, in relation to the placing for 12,728,049 new Shares (adjusted for the effect of share consolidation) which was completed on 3 January 2013. Accordingly, 12,728,049 new Shares (adjusted for the effect of share consolidation) had been successfully placed and the net proceeds from the placing amounted to approximately HK\$10.40 million. All net proceeds will be used to finance investment opportunities within the retail industry and the net proceeds from the placing have not been utilised. As a result, the General Mandate was fully utilised and the issued share capital of the Company was 108,188,421 Shares (adjusted for the effect of share consolidation) by then. Subsequently, the Company offered to grant an aggregate of 6,364,024 share options (adjusted for the effect of share consolidation) under the share option scheme adopted by the shareholder of the Company on 18 September 2012. As a result, the issued share capital of the Company has been enlarged to 114,552,446 Shares (adjusted for the effect of share consolidation).

## LETTER FROM THE BOARD

The Group has approximately HK\$73.0 million cash on hand as at the Latest Practicable Date. Save as disclosed, assuming after deducting the one-off payment, the Group's cash level will drop substantially to a dangerous level in last quarter of 2013 as the remaining balance can be applied for approximately 7 months' expenditures of the Group. As disclosed in the Company's prospectus dated 16 November 2012, the Directors were of the opinion that, after taking into account the then financial resources and the estimated net proceeds from the rights issue, in the absence of unforeseen circumstances, the Group had sufficient working capital for its then requirements for at least the next twelve months following the date of the mentioned prospectus being 16 November 2012. Nevertheless, due to (i) additional capital expenditures of the Group, such as the refurbishment and decoration of retail stores in order to revitalize the Group's retail images; and (ii) increased competition within the retail business which led to a considerably lower than expected revenue generated from existing operations, it is necessary for the Company to propose the granting of Issue Mandate in advance to have fund raising flexibility for the Group. Accordingly, the Directors consider the granting of Issue Mandate is in the interest of the Company and the Shareholders as a whole.

In view of the fierce competition in the retail business compounded with a slower than expected economic growth in the PRC, the Company has experienced a challenging business environment, which caused adverse impact on its performance and results. As previously announced, the Company experienced a substantial net loss of approximately HK\$57.35 million for the six-month period ended 30 September 2012, the Group's internal resources has declined due to the Group's loss making position, the Company had to rely on equity-fund raising activities including rights issue and placing of new shares to finance the Group's existing operations and to fuel the Group's business expansion. In order to overcome the competitive market in the PRC, the Company believes that the grant of Issue Mandate would provide the Group more financial flexibility to (i) explore business diversification and brand image which would increase the sales of the Group's retail business; (ii) provide more capital for the Group's future business expansion; (iii) provide cash buffer against adverse business environment; and (iv) obtain strategic advice from business professionals.

Though the Company incurred loss in existing operations and lessening of internal resources, the Company considers business expansion as a necessary attempt to enjoy the potential benefits of economies of scale and eventually generate a positive return to the Shareholders and the Company. Therefore, the Company has been reviewing and accessing the business expansion plan and seeking different investment opportunities within the retail industry from time to time. As at the Latest Practicable Date, the Company has not yet entered into any non-legally binding memorandum of understanding or formal agreement with any potential investment targets and does not have any concrete plan in relation to the scale of investment.

The Group opened 6 new self-operating apparel retail stores with a total store floor area of approximately 472.0 square metres, in 4 cities located in 3 provinces in the PRC from December 2012 to February 2013. As at the Latest Practicable Date, the Group established 55 fashion outlets.

## LETTER FROM THE BOARD

The management will focus on developing more franchisees through seasonal trade fairs while there is no growth plan for consignment stores. In the coming few years, the Company will adopt a business expansion plan by seeking regional agents to assist the development of new authorised retailers. Meanwhile, the Group is developing businesses in other retail industry such as pharmacy and health care product retailer and a hair salon in Hong Kong.

Further, though the existing cash resource and working capital of the Group are sufficient to conduct daily operations and to meet its present requirements, the Company considered that by having additional working capital is in line with its conservative and cautious approach in conducting its business. Therefore, the use of proceeds from the placing completed in January 2013 will be intended for the purposes of finance investment opportunities within the retail industry. To ensure that the Company is able to achieve the objectives of business expansion, and having considered that (i) the Group has been cautiously looking for appropriate opportunities; and (ii) the Issue Mandate would enhance the financial flexibility for the Group to raise funds for future investments and business development if necessary and hence to strengthen the capital base and financial position of the Company, the Company considered it is necessary to request for shareholders' approval to refresh Issue Mandate in the EGM.

In order to provide a flexible means for the Company to raise funds through the issue of new Shares for its future business development, if and when an opportunity arises, the Board proposes the granting of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The Company believes that appropriate investment opportunities may arise at any time and investment decisions may have to be made within a short period of time. Therefore, the Board considers that it is important for the Company to be able to raise funds quickly in order to seize the investment opportunities that may arise. To this end, the Directors believe that the granting of Issue Mandate will give the Company the flexibility to raise funds and to expand and develop the retail business of the Company, and therefore, it is in the interests of the Company and the Shareholders as a whole. The Board would consider other means of fund-raising such as a rights issue or open offer, or to seek for a specific mandate when a specific usage can be identified. As at the Latest Practicable Date, the Company has no specific plan for future fund raising exercise.

Based on the 114,552,446 Shares in issue as at the Latest Practicable Date and assuming that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, subject to the passing of the relevant ordinary resolution to approve the granting of Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to 22,910,489 new Shares under the Issue Mandate. Though the granting of Issue Mandate may results maximum possible future dilution effect of approximately 16.67% in the shareholding as enlarged by the issue of new Shares under such refreshed mandate. However, having balanced the benefits of the granting of Issue Mandate discussed above, the Company considers such potential future dilution of shareholding to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.



## **LETTER FROM THE BOARD**

The Independent Board Committee, comprising Dr. Leung Shiu Ki, Albert, Mr. Robert James Iaia II, Ms. Lam Yan Fong, Flora, Mr. Yau Yan Ming, Raymond and Mr. Miu H., Frank, being the independent non-executive Directors, has been formed to consider the granting of Issue Mandate. United Simsen has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **REFRESHMENT OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME**

The Share Option Scheme was adopted by the Company on 18 September 2012. The scheme mandate limit of the Share Option Scheme was refreshed to 6,364,024 Shares (adjusted for the effect of share consolidation), being 10% of shares in issue on 18 September 2012. The completion of the placing of 12,728,049 Shares was on 3 January 2013, the Company's issued share capital had been enlarged to 108,188,421 Shares by then. Subsequently, Share Options carrying rights to subscribe for up to 6,364,024 Shares were granted by the Company on 15 January 2013 and had been exercised in full, representing approximately 5.88% of the issued share capital of the Company, and the Company's issued share capital had been enlarged to 114,552,446 Shares.

In order to provide the Company with greater flexibility in granting Share Options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, the Board decided to seek the approval from the Shareholders to refresh the scheme mandate limit of the Share Option Scheme at the EGM. The Directors consider that such refreshment of the scheme mandate limit of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

If the scheme mandate limit is "refreshed" at the EGM, on the basis of 114,552,446 Shares in issue as at the Latest Practicable Date and that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the EGM, the scheme mandate limit will be "refreshed" to 11,455,244 Shares (the "Refreshed Limit") and the Refreshed Limit will entirely supersede the existing Scheme Mandate Limit and the Company will be allowed to grant Share Options under the Share Option Scheme carrying rights to subscribe for a maximum of 11,455,244 Shares, representing 10% of the total number of Shares in issue as at the date of EGM. The Company considered the refreshment of the scheme mandate limit would provide incentive and motivation to the participants of the Share Option Scheme and acknowledge their contribution the growth of the Group.

As at the Latest Practicable Date, there are no outstanding options granted under the Share Option Scheme or any other scheme(s) of the Company which remain unexercised. No outstanding Share Options of the Company (if any) will lapse as a result of the refreshment of the scheme mandate limit of the Share Option Scheme and the aggregate number of Shares which may be issued upon the exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date. Save for the Share Option Scheme, the Company has no other share option schemes as at the Latest Practicable Date.

## **LETTER FROM THE BOARD**

The refreshment of the scheme mandate limit is conditional upon:

- (a) the Shareholders' approval at the EGM; and
- (b) the Listing Committee granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the refreshed limit of the Share Option Scheme.

Application will be made to the Listing Committee for obtaining the approval mentioned in paragraph (b) above.

### **NOTICE OF EGM**

The notice of the EGM is set out on pages 23 to 25 of this circular. At the EGM, resolutions will be proposed to approve the granting of Issue Mandate and the refreshment of the scheme mandate limit of the Share Option Scheme. Pursuant to Rule 13.39(4) of the Listing Rules, the aforementioned resolutions at the EGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(4) of the Listing Rules.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in an event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.36(4) of the Listing Rules, the granting of Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM. As at the Latest Practicable Date, Mr. Au Wai June and Mr. Chan Chak Kai, Kenneth, being the executive Directors of the Company, held 33,120 Shares and 6,000 Shares, respectively. Save as disclosed, none of the executive Directors and the chief executive of the Company and their respective associates hold any Shares. Since there is no controlling Shareholder of the Company, the executive Directors and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the EGM) are required to abstain from voting at the EGM in respect of the resolution relating to the granting of Issue Mandate.

Further, no Shareholder will be required to abstain from voting at the EGM in respect of the resolution relating to the proposed refreshment of the scheme mandate limit of the Share Option Scheme.

### **RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 of this circular and the letter from United Simsen containing its advice and the principal factors which it has considered in arriving at its advice with regard to the granting of Issue Mandate, as set out on pages 12 to 22 of this circular.

## LETTER FROM THE BOARD

The Board is of the opinion that (i) the granting of Issue Mandate; and (ii) the proposed refreshment of the scheme mandate limit of the Share Option Scheme, are in the best interests of the Company and Shareholders as a whole and recommends the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the relevant resolutions to be proposed at the EGM.

### GENERAL


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

United Simsen has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By order of the Board  
**TACK FIORI INTERNATIONAL GROUP LIMITED**  
**Liu On Bong, Peter**  
*Vice Chairman*



**TACKFIORI**  
INTERNATIONAL GROUP LIMITED  
**TACK FIORI INTERNATIONAL GROUP LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 928)**

8 March 2013

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR THE GRANTING OF ISSUE MANDATE**

We refer to the circular from the Company to the Shareholders dated 8 March 2013 (the Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the granting of Issue Mandate which will enable the Board to exercise the power of the Company to allot, issue and deal with the new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM.

United Simsen has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the granting of Issue Mandate is fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 12 to 22 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 9 of the Circular.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having considered the granting of Issue Mandate and the advice of United Simsen, we consider that the granting of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the granting of Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the granting of Issue Mandate.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee

**Dr. Leung Shiu Ki, Albert**  
*Independent Non-Executive  
Director*

**Mr. Robert James Iaia II**  
*Independent Non-Executive  
Director*

**Mr. Frank H. Miu**  
*Independent Non-Executive  
Director*

**Mr. Yau Yan Ming, Raymond**  
*Independent Non-Executive Director*

**Ms. Lam Yan Fong, Flora**  
*Independent Non-Executive Director*

## LETTER FROM UNITED SIMSEN

*Set out below is the text of a letter received from United Simsen Securities Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the granting of Issue Mandate for the purpose of inclusion in this circular.*



Suites 7001-02, 70/F.  
Two International Finance Centre  
No. 8 Finance Street  
Central  
Hong Kong

8 March 2013

*To: The independent board committee and the independent shareholders  
of Tack Fiori International Group Limited*

Dear Sirs,

### GRANTING OF ISSUE MANDATE

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the granting of Issue Mandate, details of which are set out in the letter from the Board contained in the circular dated 8 March 2013 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

At the annual general meeting of the Company held 27 September 2012, the then Shareholders approved, among other things, an ordinary resolution to grant the Directors the General Mandate to issue, allot and deal with up to 12,728,049 Shares (or 127,280,496 shares of the Company prior to its share consolidation with effect from 31 January 2013), which is equivalent to 20% of the then issued share capital of the Company.

Since the annual general meeting of the Company held on 27 September 2012, the Company issued 12,728,049 Shares (or 127,280,496 shares of the Company prior to its share consolidation with effect from 31 January 2013) under the General Mandate on 20 December 2012 through a placing of new Shares under the General Mandate and the net proceeds thereof amounted to approximately HK\$10.40 million will be used to finance investment opportunities within the retail industry. As a result, the General Mandate was fully utilized and there has not been any refreshment of the General Mandate since the annual general meeting of the Company held on 27 September 2012.

Given that the General Mandate was fully utilised, the Board proposes the granting of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

## LETTER FROM UNITED SIMSEN

Pursuant to Rule 13.36(4) of the Listing Rules, the granting of Issue Mandate will be subject to the Independent Shareholders' approval at the SGM at which any of the controlling Shareholders (as defined in the Listing Rules) of the Company and their associates or, where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution(s) proposed for approving the granting of the Issue Mandate. As at the Latest Practicable Date, none of the executive Directors and the chief executives of the Company and their respective associates held any Shares. Since there is no controlling Shareholder, the executive Directors and chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting in favour at the SGM in respect of the ordinary resolution relating to the granting of Issue Mandate.

An Independent Board Committee comprising Dr. Leung Shiu Ki, Albert, Mr. Robert James Iaia II, Ms. Lam Yan Fong, Flora, Mr. Yau Yan Ming, Raymond and Mr. Miu H., Frank (all being independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the granting of Issue Mandate. We, United Simsen Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true, complete and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our recommendation in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, or its subsidiaries or associates, nor have we considered the taxation implication on the Group or the

## LETTER FROM UNITED SIMSEN

Shareholders as a result of the granting of Issue Mandate. In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the granting of Issue Mandate, we have taken into consideration the following principal factors and reasons:

#### (1) Background of the granting of Issue Mandate

At the annual general meeting of the Company held on 27 September 2012, the then Shareholders approved, among other things, an ordinary resolution to grant the Directors the General Mandate to issue, allot and deal with up to 12,728,049 Shares (or 127,280,496 shares of the Company prior to its share consolidation with effect from 31 January 2013), which is equivalent to 20% of the then issued share capital of the Company.

Since the annual general meeting of the Company held on 27 September 2012, the Company issued 12,728,049 Shares (or 127,280,496 shares of the Company prior to its share consolidation with effect from 31 January 2013) under the General Mandate on 20 December 2012 through a placing of new Shares under the General Mandate and the net proceeds thereof amounted to approximately HK\$10.40 million will be used to finance investment opportunities within the retail industry. As a result, the General Mandate was fully utilized and there has not been any refreshment of the General Mandate since the annual general meeting of the Company held on 27 September 2012.

As at the Latest Practicable Date, the Company had 114,552,446 Shares in issue. On the basis that no Share would be issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM, the granting of Issue Mandate would allow the Directors to issue, allot and deal with up to 22,910,489 new Shares, representing 20% of the aforesaid total issued share capital of the Company.

#### (2) Reasons for the granting of Issue Mandate

The Company is an investment holding company and the Group is principally engaged in (i) apparel retail business in the PRC (the “**Apparel Retailing Business**”); 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 (the “**Luxury Goods Retailing Business**”).

We noted from the annual report of the Company for the year ended 31 March 2012 that the Group recorded a turnover of approximately HK\$56.5 million, representing an increase of approximately 5.3% as compared to year 2011. The consolidated profit after taxation for the year ended 31 March 2012 amounted to approximately HK\$1,293.6 million. Without taking into account (i) the gain on debt restructuring of approximately HK\$1,321.8 million; (ii) the gain on bargain purchase arising from business combination of approximately HK\$21.6 million; and (iii) gain on deconsolidation of subsidiaries of approximately HK\$56.4 million,



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which were one-off extraordinary items, the Group recorded a loss after taxation of approximately HK\$106.2 million for the year ended 31 March 2012. The Group's overall gross profit margin was 29.8% for the year ended 31 March 2012 (as compared to 56.3% for the year ended 31 March 2011), such decrease was mainly due to the increase of luxury goods and accessories sales with relatively lower gross profit margin and the write off of aged inventories.

We further noted from the interim report of the Company for the six months ended 30 September 2012 (the "**Interim Report**") that the Group recorded a turnover of approximately HK\$14.3 million (as compared to approximately HK\$29.6 million for the six months ended 30 September 2011), representing a decrease of approximately 51.7% as compared to the corresponding period of last year. For the six months ended 30 September 2012, the Group recorded a loss after taxation of approximately HK\$57.4 million (as compared to a loss after taxation of approximately HK\$37.9 million for the six months ended 30 September 2011, excluding one-off extraordinary items such as (i) the gain on debt restructuring of approximately HK\$1,321.8 million; (ii) the gain on bargain purchase arising from business combination of approximately HK\$21.6 million; and (iii) gain on deconsolidation of subsidiaries of approximately HK\$56.4 million), such increase in losses was due to increase in marketing and distribution cost spent on re-branding of the Group's apparel products, the increase of administrative expenses and change in fair value of held-for-trading investments.

Turnovers of the Apparel Retailing Business amounted to approximately HK\$51.4 million for the year ended 31 March 2012 and approximately HK\$11.4 million for the six months ended 30 September 2012, representing 91.0% and 79.9% of the Group's total turnover. The Apparel Retailing Business is the major business segment of the Group and has substantial influence on the overall business and financial performance of the Group. However, the Apparel Retailing Business has been underperforming recently, which is due to (i) fierce competition in the retail business compounded with a slower than expected economic growth in the PRC; and (ii) the fact that the Group was unable to reach mutually favorable terms and conditions with potential authorized retailers.

As advised by the Directors, the Group has faced fierce competition in the retail business compounded and has been working on the re-branding of the Group's apparel products and accessories and improving the performance of its self-operating stores. The Directors are of the opinion that building a popular retail brand is a long-term process, during which there might be cyclic economic downturns and speed-bumps. However, the Directors are optimistic of the PRC's economy in the long run and wish to overcome the current hardship by (i) exploring the possibilities of business diversification, continuing to devote resources in the retail business by broadening its product variety, and enhancing its brand image in order to increase the sales of the Group's retail business in the PRC in long run; (ii) having more financial flexibility and more capital for the Group's future business expansion, if any, as well as more cash buffer against any adverse business environment; and (iii) adopting more prudent approach in marketing and accessing business plan by consulting more advices from professionals. The Board believes that the Group's investment in the retail industry will eventually pay off given sufficient exposure and extended history of its brand.

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As part of the Company's business plan, the Group has opened 6 new self-operating apparel retail stores in multiple locations in the PRC, namely Chongqing, Guangzhou, Wuhan, Xi'an, and Chengdu provinces since January 2013 and the Company intends to open one additional store in the first quarter of 2013, summing up to a total of 55 stores when combined with the existing stores of the Group. To diversify the overall risk of the Group and to explore business opportunities in other growing businesses, the Group has also opened one pharmacy and health care retail store, and one hair and beauty salon in Hong Kong as experimental points. In addition, the management will focus on developing more franchisees through seasonal trade fairs while there is no growth plan for consignment stores.

To cope with the expansion as mentioned above, the Group plans to spend approximately HK\$7 million for re-furbishing and decoration of the new stores prior to the next annual general meeting, which is anticipated to be held in late September 2013. As the Group's businesses are in recovering status and it is not expected to generate material cash inflow and to cope with the Group's continuous developments, it is expected that the average net cash outflow of the Group to be around approximately HK\$8.15 million per month, which includes (i) average income from sales of approximately HK\$2.83 million per month; (ii) operating expenses such as salary, rental and other expenses of approximately HK\$9.42 million per month; and (iii) quarterly-purchase and stocking in average of approximately HK\$1.56 million per month.

To cooperate with the grand-openings of the new stores and to boost their sales along with the existing stores, the Group intends to enact a large-scale marketing campaign across multiple locations in the PRC, which may include the following:

- (i) seasonal catalogs shooting;
- (ii) fashion shows;
- (iii) television commercials;
- (iv) bus stop/subways banners; and
- (v) online advertising and online shopping.

In addition, the Group is still identifying suitable advertising service provider(s) and targets to kick off the marketing campaign when all the new stores are deployed in order to capture the full advantage from the advertising resources. At a conservative assessment, the Directors expect that the said marketing plan will cost the Group at least HK\$4 million in 2013, of which approximately HK\$3 million is expected to incur prior to the next annual general meeting.

As advised by the Directors, the Group has around HK\$73 million cash on hand as at the Latest Practicable Date, which are mostly the net proceeds from the rights issue and placing conducted by the Company in late 2012. Although the working capital of the Group are sufficient for it to maintain its daily operations, after taking into account of the considerably lower than expected revenue resulting from more fierce competition in the retail business and the additional capital requirements of the Group based on the Company's existing development plan and the estimated expenses as abovementioned, such as marketing campaign and for its re-

## LETTER FROM UNITED SIMSEN

refurbishing and decoration of the new stores, the cash levels of the Group will drop substantially to a dangerous level and, therefore, the Company may need additional fund raising activities to top up the cash position of the Group to cope with the expansion plan of the Group.

As all of the Group's cash on hand has been designated for specific uses, we concur with the Directors' view that it is important to have more financially flexible by refreshing the Issue Mandate in order to ensure sufficient working capital for the Group's continuous development. To ensure that the Company is able to raise additional capital on a timely basis to achieve the said objectives, the Directors consider the equity financing through the utilization of the Issue Mandate is an important avenue of resources to the Group, as it (i) does not create any interest paying obligations on the Group; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provide the Company with the capability to capture any capital raising or prospective investment opportunity as and when such opportunity arise. The Directors consider that such ability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions.

In view of the foregoing, we are of the view that the granting of Issue Mandate (i) would provide the Company with necessary financing flexibility for any funding needs for any future investments and business developments, in particular for rebranding and revitalizing the Apparel Retail Business, a major business segment of the Group; (ii) would provide an opportunity to the Company to improve its working capital position as and when necessary and to ensure that there is sufficient cash for the Group's continuous operation; and (iii) will facilitate the Company to raise funds as and when necessary in a timely manner. Accordingly, we consider that the granting of Issue Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **(3) Capital fund raising activities in the past twenty four months**

Sets out below are the capital fund raising activities conducted by the Company in the past twenty four months prior to the Latest Practicable Date:

Date of announcements	Description of the fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 December 2012	Placing of new shares under general mandate	HK\$10.40 million	To finance investment opportunities within the retail industry	Not yet utilized
2 November 2012	Rights issue on the basis of one right share for every two shares held on the record date	HK\$76.31 million	General working capital to the Group, including rebranding 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.	Used as to (i) approximately HK\$10.5 million for the general working capital of the Group; (ii) approximately HK\$7 million for the decoration and refurbishing of stores; and (iii) approximately HK\$1.5 million for professional fees and other expenses, and the remaining are deposited at the bank

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Date of announcements	Description of the fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
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 to (i) approximately HK\$20 million for investment in securities; (ii) approximately HK\$2 million for renovation of shops; (iii) approximately HK\$12 million for salary and allowance; (iv) approximately HK\$1 million for professional fee; (v) approximately HK\$4 million for shops and office rent; and (vi) approximately HK\$5 million for other general working capital of the Group
23 July 2010	Open offer of 15,001,474,104 offer shares at the subscription price of HK\$0.01 per offer share on the basis of 339 offer shares for every five reorganized shares, which was completed on 5 August 2011	HK\$146 million	All the proceeds will be applied for general working capital and cash buffer for any adverse business conditions and/or hidden costs that the Company might not be fully aware of.	Used as to (i) HK\$35 million for the transfer of certain assets as part of the restructuring plan; (ii) approximately HK\$26 million for salary and allowance; (iii) approximately HK\$16 million for the acquisition of Z & Z International Limited (a retail group); (iv) approximately HK\$3 million for payment of trademarks; (v) approximately HK\$6 million for addition of property, plant and equipments; (vi) approximately HK\$23 million for legal and professional fees; (vii) approximately HK\$21 million for rent and rates; (viii) approximately HK\$9 million for renovation of shops; and (ix) the remaining of approximately HK\$7 million for other general working capital of the Group

## LETTER FROM UNITED SIMSEN

Date of announcements	Description of the fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
23 July 2010	Investor subscription agreement in relation to the investor convertible bonds in the principal of HK\$100,000,000 with zero coupon and 3-year tenure, which was completed on 5 August 2011	HK\$100 million	(i) Repayment of the working capital loan of HK\$10 million provided by Radford Developments Limited to the Company under the exclusivity and escrow agreement; (ii) payment of fees and costs of HK\$16 million incurred by the Company in negotiation, documentation and implementation of the restructuring of the Group; (iii) repayment of a revolving facility of HK\$15 million; (iv) payment of a sum of HK\$50 million to the Scheme Administrators* for the benefit of the Scheme Creditors* and New Profit* for the benefit of the New Profit Stakeholders* respectively; and (v) remaining of HK\$9 million will be applied towards the working capital requirements of the restructured Group.	Used as to (i) HK\$25 million for repayment of working capital loan and facility; (ii) approximately HK\$16 million for professional fee in relation to restructuring of the Group; (iii) HK\$50 million for the scheme funds to creditors settlement; and (iv) the remaining of HK\$9 million for working capital of the Group

\* As defined in the Company's circular dated 28 June 2011.

Save as and except for the above, the Company had not conducted any other capital fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

As advised by the Directors, the Group has around HK\$73 million cash on hand as at the Latest Practicable Date, which are mostly the net proceeds from the rights issue and placing conducted by the Company in late 2012 and the Group will applied these cash for the Group's continuous development with specific purpose as mentioned in previous section of this letter. Accordingly, we are of the view that the granting of Issue Mandate would provide the Company with an additional option when considering fund raising activities to ensure that there is sufficient cash for the Group's continuous development is in the interests of the Company and the Shareholders as a whole.

**(4) Flexibility in financing**

We have been advised by the Directors that the Group has no concrete plan for raising capital by issuing new Shares as at the Latest Practicable Date, however, the Group does not obviate the possibilities of further issuing capital if there are any investor offering attractive terms for investment in the Shares subject to the then market conditions.

The Directors consider that, although funding requirement or investment opportunities may or may not arise at any time prior to the next annual general meeting and if such opportunities arise prior to the next annual general meeting, decisions may have to be made within a limited period of time. Accordingly, the Directors consider that (i) the granting of Issue Mandate will provide the Company with flexibility in deciding the source of financing for any acquisition opportunities that may arise in the future to further speed up the Group's business development; and (ii) the granting of Issue Mandate will empower them to issue new Shares as and when necessary, and without seeking further approval from the Shareholders. In view of the aforesaid, we consider that (i) any share placement exercise is dependent, to a large extent, on prevailing market conditions and such opportunities for share placement exercise may not always arise; and (ii) the granting of Issue Mandate would provide the Company with the flexibility to issue and allot new Shares for equity fund raising activities, or as consideration for any potential investments in the future as and when such opportunities arise, we therefore consider that the granting of Issue Mandate is in the interests of the Shareholders and the Company as a whole.

**(5) Other financing alternatives**

We have enquired into the Directors and the Directors confirmed that apart from equity financing, which includes placing of new Shares and rights issue exercise, the Group will also consider debt financing, such as bank borrowings and issue of bonds, to be other possible fund raising alternatives available to the Group. Nevertheless, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group's profitability, financial position and the then prevailing market condition. Furthermore, such alternative may be subject to lengthy due diligence and negotiations with the banks. In light of also that debt financing will usually incur interest burden on the Group, the Directors consider debt financing to be relatively uncertain, impracticable and time-consuming as compared to equity financing, such as placing of new Shares, for the Group to obtain additional funding.

The Directors confirmed that they would exercise due and careful consideration when choosing the best financing method available to the Group. With this being the case, along with the fact that the granting of Issue Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its business development, we concur with the Directors that the granting of Issue Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

**LETTER FROM UNITED SIMSEN**

**(6) Potential dilution to shareholding of the public Shareholders**

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the refreshed Issued Mandate (the “**Refreshed Mandate**”) (assuming no other Shares are issued or repurchased by the Company):

<b>Substantial Shareholders</b>	<b>Shareholding in the Company as at the Latest Practicable Date</b>		<b>Shareholding in the Company upon full utilization of the Refreshed Mandate (assuming no other Shares are issued or repurchased by the Company)</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Radford Developments Limited <i>(Note)</i>	17,500,000	15.28	17,500,000	12.73
Public Shareholders	97,052,446	84.72	97,052,446	70.60
Shares to be issued under the Refreshed Mandate	—	—	22,910,489	16.67
<b>Total</b>	<b>114,552,446</b>	<b>100.00</b>	<b>137,462,935</b>	<b>100.00</b>

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

The table above illustrates that the shareholdings of the public Shareholders would decrease from approximately 84.72% as at the Latest Practicable Date to approximately 70.60% upon full utilisation of the Refreshed Mandate (assuming no other Shares are issued or repurchased by the Company). Such potential dilution to the shareholdings of the public Shareholders represents a dilution of approximately 14.12 percent point. In addition, we noted from the section headed “Capital fund raising activities in the past twenty four months” that the interest of the existing Shareholders may be diluted from previous equity fund raising exercises of the Company (in the case the then Shareholder(s) did not participate in the fund raising exercise). In this regard, we have enquired into the Directors whether debt financing is feasible to the Group and as advised by the Directors, the Directors confirmed that apart from equity financing, the Group will also consider debt financing, such as bank borrowings and issue of bonds, to be other possible fund raising alternatives available to the Group. Nevertheless, the Directors are of the view that the ability of the Group to obtain bank borrowings usually depends on the Group’s profitability, financial position and the then prevailing market condition. As the Group’s businesses were underperformed in the past, it is impracticable to obtain borrowings with favourable terms and thus debt financing is disregarded.



## LETTER FROM UNITED SIMSEN

Taking into account that the Group's existing fund raising abilities and the Refreshed Mandate (i) would provide the necessary flexibilities or options of financing to the Group for future business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (ii) the shareholding interests of all the Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Refreshed Mandate, we consider that the potential dilution to the shareholdings of the public Shareholders as just mentioned is justifiable and the granting of Issue Mandate to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the granting of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the granting of Issue Mandate and we recommend the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully,  
For and on behalf of  
**United Simsen Securities Limited**  
**Chiu Ka Him**                      **Louis Lam**  
*Responsible Officer*    *Responsible Officer*



**NOTICE OF EXTRAORDINARY GENERAL MEETING**



**TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Tack Fiori International Group Limited (the “Company”) will be held at 4:00 p.m. on Monday, 25 March 2013 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of transacting the following business:

**ORDINARY RESOLUTIONS**

As special businesses, to consider and if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

1. **“THAT:**

- A. subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- B. the Directors be and are authorized during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- C. the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B), otherwise than (i) a Rights Issue (as hereafter defined) or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes or other securities issued by the Company which carry rights to subscribe for or are convertible into shares of the Company or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries or any other eligible person(s) of shares or right to acquire shares of the Company or (iv) an issue of shares as scrip dividend pursuant to the articles of association of the Company, as amended from time to time, shall

## NOTICE OF EXTRAORDINARY GENERAL MEETING

not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution and the said approval shall be limited accordingly; and

D. for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association of the Company to be held; and
- iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

2. **“THAT** the existing scheme mandate limit in respect of the granting of options to subscribe for shares in the Company under the share option scheme adopted by the Company on 18 September 2012 (the “Share Option Scheme”) be refreshed and renewed provided that the total number of shares of the Company which may be allotted and issued pursuant to the grant or exercise of the options under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme), shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the Directors be and are hereby authorized, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

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

Hong Kong, 8 March 2013

## NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the Board comprises the following Directors:

*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

*Notes:*

1. A form of proxy to be used for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting. In the case of a recognised clearing house, it may authorize such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead.
3. The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney authorized in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorized to sign the same.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be delivered at the Company's share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not fewer than 48 hours before the time scheduled for the meeting or any adjourned meeting at which the person named in such instrument proposes to vote. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting, or poll concerned and, in event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.