TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

The board (the "**Board**") of directors (the "**Directors**") of Tack Fiori International Group Limited (the "**Company**") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2013 together with comparative figures for the year ended 31 March 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013
(Amounts expressed in Hong Kong dollars)

	Notes	2013 HK$'000	2012 HK$'000
Turnover	3 & 5	**33,339**	56,516
Cost of sales and services		**(23,017)**	(39,682)
Gross profit		**10,322**	16,834
Change in fair value of held-for-trading investments		**(8,676)**	–
		1,646	16,834
Other income and gain	4	**2,488**	902
Gain on debt restructuring	6	**–**	1,321,849
Gain on bargain purchase	7	**–**	21,563
Gain on deconsolidation of subsidiaries	8	**–**	56,376
Selling and distribution costs		**(57,700)**	(44,971)
Administrative and other operating expenses		**(72,421)**	(65,520)
Finance costs	9	**–**	(13,428)
(Loss) profit before taxation	10	**(125,987)**	1,293,605
Income tax	11	**–**	–
(Loss) profit for the year		**(125,987)**	1,293,605
Other comprehensive income arising from exchange differences on translations		**65**	264
Total comprehensive (expense) income for the year		**(125,922)**	1,293,869
(Loss) profit for the year attributable to:			
Owners of the Company		**(125,987)**	1,293,771
Non-controlling interests		**–**	(166)
		(125,987)	1,293,605
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(125,922)**	1,294,035
Non-controlling interests		**–**	(166)
		(125,922)	1,293,869
			(restated)
(Loss) earnings per share	12		
— Basic (HK dollars)		**(1.54)**	35.20
— Diluted (HK dollars)		**(1.54)**	31.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013
(Amounts expressed in Hong Kong dollars)

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**40,093**	13,965
Trademark		**2,313**	2,438
Rental deposits		**6,334**	–
		48,740	16,403
Current assets			
Inventories		**35,217**	35,404
Trade and other receivables	*14*	**11,930**	22,767
Loans receivable		**–**	3,270
Held-for-trading investments	*15*	**29,480**	–
Bank balances and cash		**52,257**	121,183
		128,884	182,624
Current liabilities			
Trade and other payables	*16*	**35,218**	34,644
Net current assets		**93,666**	147,980
Net assets		**142,406**	164,383
Capital and reserves			
Share capital	*17*	**11,455**	318,201
Reserves		**130,951**	(153,818)
Total equity attributable to owners of the Company		**142,406**	164,383

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

1. GENERAL AND BASIS OF PREPARATION

The Company is incorporated in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is principally engaged in investment holding. The Group is principally engaged in apparel retail business in the People's Republic of China (the "PRC"), luxury goods and accessories retail business (watches, audio equipment and other accessories) in Hong Kong and the PRC, pharmacy operation and healthcare product retail business and salon and beauty service business in Hong Kong.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group applied the following amendments to standards issued by the HKICPA.

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets
Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets

The application of the above amendments to standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not applied early to the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009–2011 cycle[1]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[2]
HK(IFRIC)-INT 20	Stripping costs in the production phase of a surface mine[1]
HK(IFRIC)-INT 21	Levies[2]

2. APPLICATION OF NEW AND REVISED HKFRSs (continued)

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial instruments

HKFRS 9 "Financial instruments" (as issued in 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial instruments" (as revised in October 2010) adds requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: recognition and measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to measurement of financial liabilities that are designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the application of HKFRS 9 for financial year ending 31 March 2016 based on the Group's financial instruments as at 31 March 2013 will have no material impact on the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce a new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group's annual periods beginning 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied. Other than the above mentioned presentation changes, the directors of the Company anticipate that the application of the amendments to HKAS 1 will not result in any material impact on the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRSs (continued)

New and revised Standards on consolidation and disclosures

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC)-INT 12 "Consolidation — Special purpose entities" will be withdrawn upon the effective date of HKFRS 10. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

HKFRS 10 and HKFRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of HKFRS 10 will have no material impact on the consolidated financial statements. The application of HKFRS 12 may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKASs will have no material impact on the consolidated financial statements.

3. TURNOVER

Turnover represents the aggregate of the invoiced value of goods sold and services provided. It is stated after deducting trade discounts and sales taxes. Details of the turnover are set out below:

	2013	2012
	HK$'000	*HK$'000*
Sales revenue from:		
Apparel retail business	**25,149**	51,386
Luxury goods and accessories retail business	**6,319**	5,130
Pharmacy and healthcare product retail business	**126**	–
Salon and beauty service business	**86**	–
Services income from:		
Salon and beauty service business	**1,659**	–
	33,339	56,516

4. OTHER INCOME AND GAIN

	2013	2012
	HK$'000	*HK$'000*
Interest income	**123**	539
Write back of trade payables	**1,753**	–
Others	**612**	363
	2,488	902

5. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided. During the year ended 31 March 2013, salon and beauty service business, pharmacy and healthcare products retail business and securities trading and investments have become new operating activities to the Group and are separately assessed by the CODM, therefore they are reported in new reportable and operating segments.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Apparel retail business

(ii) Luxury goods and accessories retail business

(iii) Salon and beauty service business

(iv) Pharmacy and healthcare product retail business

(v) Securities trading and investments

Segment revenues and results

The following is an analysis of the Group's turnover and results by reportable and operating segments.

For the year ended 31 March 2013

	Apparel retail business *HK$'000*	Luxury goods and accessories retail business *HK$'000*	Salon and beauty services business *HK$'000*	Pharmacy and healthcare products retail business *HK$'000*	Securities trading and investments *HK$'000*	Total *HK$'000*
Segment revenue	**37,041**	**6,319**	**1,745**	**149**	**–**	**45,254**
Inter-segment revenue	**–**	**–**	**–**	**(23)**	**–**	**(23)**
Intra-segment revenue	**(11,892)**	**–**	**–**	**–**	**–**	**(11,892)**
Consolidated revenue	**25,149**	**6,319**	**1,745**	**126**	**–**	**33,339**
Change in fair value of held-for-trading investments, included in segment result	**–**	**–**	**–**	**–**	**(8,676)**	**(8,676)**
Segment result	**(58,344)**	**(13,726)**	**(2,763)**	**(1,904)**	**(8,826)**	**(85,563)**
Unallocated corporate expenses						**(42,912)**
Other income and gain						**2,488**
Loss before taxation						**(125,987)**

5. SEGMENT INFORMATION (continued)

For the year ended 31 March 2012

	Apparel retail business *HK$'000*	Luxury goods and accessories retail business *HK$'000*	Total *HK$'000*
Segment revenue	53,267	5,130	58,397
Intra-segment revenue	(1,881)	–	(1,881)
Consolidated revenue	51,386	5,130	56,516
Segment result	(38,972)	(12,697)	(51,669)
Unallocated corporate expenses			(41,988)
Other income and gain			902
Gain on debt restructuring			1,321,849
Gain on bargain purchase			21,563
Gain on deconsolidation of subsidiaries			56,376
Finance costs			(13,428)
Profit before taxation			1,293,605

Segment (loss) profit represents the loss/profit resulted in each segment without allocation of other income and gain, gain on debt restructuring, gain on bargain purchase, gain on deconsolidation of subsidiaries, corporate expenses and finance costs. This is the measure reporting to the Group's CODM for the purposes of resource allocation and performance assessment.

Geographical information

The Group's operations are located in Hong Kong and the PRC. Information about the Group's turnover from external customers is presented based on the location at which the goods or services are delivered or provided and as follows:

	Revenue from external customers	
	2013 ***HK$'000***	2012 *HK$'000*
Hong Kong	**8,120**	4,912
The PRC	**25,219**	51,604
	33,339	56,516

Information about major customers

No individual customer has contributed over 10% of the total revenue of the Group in both years.

6. GAIN ON DEBT RESTRUCTURING

During the year ended 31 March 2012, all liabilities of the companies under the Schemes (as defined in the Company's circular dated 28 June 2011) were discharged by the cash consideration of HK$50,000,000 and issuance of creditors convertible bonds with a principal amount of HK$20,000,000 with a tenure of 1 year and an interest rate of 2% per annum. The gain on debt restructuring, representing the excess of liabilities discharged over the cash consideration of HK$50,000,000 and the creditors convertible bonds of HK$20,000,000, was recognised in the consolidated statement of comprehensive income for the year ended 31 March 2012 and as follows:

	HK$'000
Convertible bonds	122,172
Provision for bank loans guarantees for deconsolidated subsidiaries	935,991
Other borrowings	52,687
Accruals and other payables	46,332
Amounts due to deconsolidated subsidiaries	234,667
Liabilities discharged under the Schemes	1,391,849
Less: Cash consideration	(50,000)
Issuance of creditors convertible bonds	(20,000)
Gain on debt restructuring	1,321,849

7. GAIN ON BARGAIN PURCHASE

On 30 August 2011, the Group acquired 100% equity interest of Z & Z International Limited at cash consideration of HK$16,000,000. The acquisition was accounted for using the acquisition method. Z & Z International Limited and its subsidiaries ("Z & Z Group") are engaged in luxury goods and accessories retailing business in Hong Kong and the PRC. Z & Z Group was acquired so as to diversify the Group's retail business while certain products from Z & Z Group offer synergy to the Group's existing business which are in the interests of the Company and its shareholders as a whole.

(a) Assets and liabilities recognised at the date of acquisition

	Fair value *HK$'000*
Property, plant and equipment	3,009
Inventories	23,828
Loans receivable	3,058
Other receivables	4,158
Bank balances and cash	4,178
Trade payables	(410)
Other payables	(258)
	37,563

The loans receivable and other receivables acquired with a fair value of HK$3,058,000 and HK$4,158,000 respectively had a gross contractual amount of approximately HK$3,058,000 and HK$4,257,000 respectively.

7. GAIN ON BARGAIN PURCHASE (Continued)

(b) Gain on bargain purchase

	HK$'000
Cash consideration transferred	(16,000)
Less: Fair value of recognised amount of identifiable net assets acquired	37,563
Gain on bargain purchase	21,563

Acquisition related cost of approximately HK$5,000 had been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of comprehensive income during the period.

(c) Impact of acquisition on results of the Group

Turnover and profit for the year ended 31 March 2012 includes approximately HK$5,130,000 and HK$12,707,000 were generated by Z & Z Group from the acquisition date (30 August 2011) to 31 March 2012 respectively. Management are of the view that it is impracticable to disclose the revenue and the results of Z & Z Group for the period from 1 April 2011 to 31 March 2012 as if the acquisition had been effected on 1 April 2011 since such financial information was not provided by the vendor.

8. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

During the year ended 31 March 2012, pursuant to the Schemes which was defined in the circular issued by the Company dated 28 June 2011, deconsolidation of certain subsidiaries were effected. The assets and liabilities of these subsidiaries were deconsolidated from the consolidated financial statements of the Group and were as follows:

	2012 HK$'000
Bank balances and cash	1,856
Trade receivables	23,699
Other receivables and prepayments	3,585
Trade payables	(13,695)
Accruals and other payables	(11,909)
Amount due to a holding company	(29,826)
Net liabilities of the deconsolidated subsidiaries	(26,290)
Non-controlling interests	(46,949)
Released from exchange reserve	(12,963)
	(86,202)
Impairment loss on amount due from a deconsolidated subsidiary	29,826
Gain on deconsolidation of subsidiaries	(56,376)
Bank balances and cash deconsolidated	(1,856)

9. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interests on bank and other borrowings wholly repayable within five years	**–**	11,135
Interests on convertible bonds	**–**	2,143
Bank charges	**–**	150
	–	13,428

10. (LOSS) PROFIT BEFORE TAXATION

	2013	2012
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Staff costs		
Directors' emoluments		
— fees and other emoluments	**7,204**	3,391
Other staff costs		
— salaries, allowances and bonus	**27,699**	18,400
— retirement benefits scheme contributions	**4,687**	3,751
— share-based payments included in administrative expenses	**8,959**	1,330
	48,549	26,872
Cost of inventories recognised as expenses	**21,665**	33,380
Depreciation of property, plant and equipment	**7,483**	3,671
Amortisation for trademark	**125**	62
Auditor's remuneration	**2,049**	1,259
Loss on disposal of property, plant and equipment	**416**	692
Operating lease rental on premises	**26,862**	23,789
Restructuring costs and charges	**–**	9,447
Net allowance for inventories (included in cost of sales)	**496**	6,302
Write-off of deposits	**1,479**	–

11. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No Hong Kong Profits Tax and PRC Enterprise Income Tax has provided in the consolidated financial statements as the Group has no assessable profit for both years.

12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
(Loss) earnings for the purpose of basic (loss) earnings per share attributable to owners of the Company	**(125,987)**	1,293,771
Effect of dilutive potential ordinary shares		
— interests on convertible bonds	**–**	1,529
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(125,987)**	1,295,300

	2013	2012
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**81,771**	36,750
Effect of dilutive potential ordinary shares		
— convertible bonds	**–**	4,137
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	**81,771**	40,887

The computation of diluted (loss) earnings per share for the year ended 31 March 2013 and 2012 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares.

The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share for the year ended 31 March 2012 has been adjusted for share consolidations and rights issue as disclosed in note 17.

13. DIVIDEND

No dividend were paid, declared or proposed during both years, nor has any dividend been proposed since the end of the reporting period.

14. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**6,080**	8,621
Other receivables	**5,850**	14,146
Total trade and other receivables	**11,930**	22,767

Retail sales and salon and beauty services provided are nomally settled in cash or by credit card with the settlement from corresponding banks or other financial institutions within 7 days. For receivables from retail sales conducted through shopping malls and department stores, the Group allows a credit period range from 30–90 days. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**5,378**	6,794
91–180 days	**339**	1,826
181–365 days	**315**	1
Over 1 year	**48**	–
	6,080	8,621

15. HELD-FOR-TRADING INVESTMENTS

	2013	2012
	HK$'000	*HK$'000*
Held-for-trading investments include:		
Equity securities listed in Hong Kong	**29,480**	–

Held-for-trading investments comprise of equity securities listed in Hong Kong and their fair values are based on quoted market bid prices.

16. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**4,842**	8,760
Other payables and accruals	**30,376**	25,884
Total trade and other payables	**35,218**	34,644

The credit period on purchase of goods is ranged from 60 days to 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within 90 days	**137**	3,900
91–180 days	**–**	3,033
181–365 days	**66**	–
Over 1 year	**4,639**	1,827
	4,842	8,760

17. SHARE CAPITAL

	Number of shares *'000*	Nominal value *HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each at 1 April 2011	50,000,000	500,000
Share consolidation *(Note a)*	(45,000,000)	–
Ordinary shares of HK$0.1 each at 31 March 2012	5,000,000	500,000
Ordinary shares of HK$0.1 each at 1 April 2012	5,000,000	500,000
Share consolidation *(Note e)*	(4,000,000)	–
Share subdivision *(Note e)*	49,000,000	–
Share consolidation *(Note i)*	(45,000,000)	–
Ordinary shares of HK$0.1 each at 31 March 2013	5,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2011	221,261	2,213
Share issued upon open offer *(Note b)*	15,001,474	150,014
Share consolidation *(Note a)*	(13,700,461)	–
Conversion of convertible bonds *(Note c)*	1,200,000	120,000
Issue of shares under placement *(Note d)*	459,739	45,974
Ordinary shares of HK$0.1 each at 31 March 2012	3,182,013	318,201
Share consolidation *(Note e)*	(2,545,611)	–
Capital reduction *(Note e)*	–	(311,837)
Issue of shares under rights issue *(Note f)*	318,201	3,182
Issue of shares under placement *(Note g)*	127,280	1,273
Issue of shares upon exercise of share options *(Note h)*	63,640	636
Share consolidation *(Note i)*	(1,030,971)	–
Ordinary shares of HK$0.1 each at 31 March 2013	114,552	11,455

Notes:

(a) After completion of the Open Offer as defined in note (b) below, the Company implemented the share consolidation on the basis that every 10 issued and unissued shares of HK$0.01 each was consolidated into one share of HK$0.10 each on 4 August 2011.

(b) On 3 August 2011, the Company issued 15,001,474,104 new shares on the basis of 339 offer shares for every 5 shares of HK$0.01 each (the "**Open Offer**").

(c) 1,200,000,000 ordinary shares of HK$0.10 each were issued pursuant to the exercise of the conversion rights attaching to the Company's convertible bonds at a conversion price of HK$0.10 per share from 19 August 2011 to 30 January 2012.

(d) On 27 January 2012, 459,738,927 ordinary shares of HK$0.1 each were issued at HK$0.10 per share through a placing agent.

(e) On 23 August 2012, the Group effected a capital reorganisation which involved the followings:

— Share consolidation that every 5 issued and unissued ordinary shares of HK$0.10 each be consolidated into 1 consolidated share of HK$0.50 each;

— Capital reduction that paid-up capital of the consolidated shares be cancelled to the extent of HK$0.49 per consolidated share so as to form a new share of HK$0.01 each;

— Share subdivision that the authorised but unissued consolidated shares of HK$0.50 each be subdivided into 50 shares of HK$0.01 each; and

— Transfer of the entire amount of the credit arising from the capital reduction to accumulated losses of the Company amounted to approximately HK$311,837,000.

(f) On 7 December 2012, 318,201,240 rights shares of HK$0.01 each were issued on the basis of one rights share for every two existing shares held on 15 November 2012 at subscription price of HK$0.25 per rights share.

(g) On 3 January 2013, 127,280,496 ordinary shares of HK$0.01 each were issued at placing price of HK$0.085 per share through a placing agent pursuant to a placing agreement dated 20 December 2012.

(h) During the year ended 31 March 2013, 63,640,248 share options of HK$0.01 each were exercised at exercise price of HK$0.105.

(i) On 31 January 2013, the Company effected a share consolidation that every 10 issued and unissued ordinary shares of HK$0.01 each be consolidated into 1 consolidated share of HK$0.1 each.

18. PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group and the Company have no pledge of assets and contingent liabilities as at 31 March 2013 and 2012.

19. SHARE-BASED PAYMENTS

Equity-settled share option scheme

On 11 April 2002, the Company adopted a share option scheme (the "**Old Scheme**") for the primary purpose of providing incentives to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers to the Group ("**Participants**") who the board of directors consider, in its sole discretion, have contributed or shall contribute to the Group. The Old Scheme shall be valid and effective for a period of 10 years commencing on 11 April 2002. Under the Old Scheme, the board of directors of the Company may grant options to the Participants to subscribe for shares in the Company. On 18 September 2012, the Company adopted a new share option scheme (the "**New Scheme**") with effective periods of 10 years commencing on 18 September 2012 and the Old Scheme was expired on 10 April 2012. The principal terms of the New Scheme are similar with the Old Scheme. All other respects of the provisions of the Old Scheme shall remain in full force and holders of all options granted under the Old Scheme prior to such expiry shall be entitled to exercise the outstanding options pursuant to the terms of the Old Scheme until expiry of the said options.

Details of specific categories of options are as follows:

	Date of grant	Vesting period/date	Exercise period	Original exercise price	Adjusted exercise price after the capital reorganisation on 23 August 2012 *(Note 1)*	Adjusted exercise price after the share consolidation on 31 January 2013 *(Note 2)*
Old Scheme	16.1.2012	16.1.2012–15.7.2013	16.7.2013–15.1.2015	HK$0.1	HK$0.5	HK$5
New Scheme	14.1.2013	14.1.2013	14.1.2013–13.1.2023	HK$0.105	N/A	N/A*

* All options under New Scheme were exercised before 31 January 2013.

The following table discloses movement of the Company's share options held by Directors, employees and consultants (providing similar services as employees) during the year ended 31 March 2013:

	Number of share options					
	Outstanding at 1.4.2012	Capital reorganisation *(Note 1)*	Share consolidation *(Note 2)*	Granted during the year	Exercised during the year	Outstanding at 31.3.2013
	'000	*'000*	*'000*	*'000*	*'000*	*'000*
Old Scheme						
Directors	70,000	(56,000)	(12,600)	–	–	1,400
Consultants	220,000	(176,000)	(39,600)	–	–	4,400
Employees	10,000	(8,000)	(1,800)	–	–	200
	300,000	(240,000)	(54,000)	–	–	6,000
New Scheme						
Consultants	–	–	–	63,640	(63,640)	–
	300,000	(240,000)	(54,000)	63,640	(63,640)	6,000
Exercisable at 31 March 2013						–

Notes:

(1) On 23 August 2012, the exercise price of the share options was adjusted from HK$0.10 per share to HK$0.50 per share as a result of the capital reorganisation as disclosed in note 17. Accordingly, the total number of share options granted was adjusted from 300,000,000 shares to 60,000,000 shares.

(2) On 31 January 2013, the exercise price was adjusted from HK$0.5 per share to HK$5 per share as a result of the share consolidation as disclosed in note 17. Accordingly, the total number of share options granted was adjusted from 60,000,000 to 6,000,000.

20. EVENTS AFTER THE REPORTING PERIOD

On 18 April 2013, the Company announced that the Company entered into placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 22,910,489 placing shares at placing price of HK$0.54 per placing share.

On 19 April 2013, the Company granted an aggregate of 11,455,244 share options to subscribe for the ordinary shares of HK$0.10 each in the share capital of the Company under the New Scheme with exercise price of HK$0.644 per share without any vesting condition, in which the fair value of share options will be charged to profit or loss on grant date.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For year ended 31 March 2013, the Group recorded a turnover of approximately HK$33.3 million (year ended 31 March 2012: HK$56.5 million), representing a decrease of approximately 41.0% as compared to the last year. The consolidated loss attributable to owners of the Company for the year ended 31 March 2013 amounted to approximately HK$126.0 million (profit attributable to owners of the Company for the year ended 31 March 2012: HK$1,293.8 million). Loss per share for the year ended 31 March 2013 was approximately HK$1.54 as compared with earnings per share of approximately HK$35.20 (restated) for the last year. The Group's overall gross profit margin was 31.0% (year ended 31 March 2012: 29.8%). Such increase was mainly due to the higher profit margin arising from the salon and beauty service business in Hong Kong, another new retail business of the Group established during the year.

BUSINESS REVIEW

Apparel retail business

Turnover of the apparel retail business amounted to HK$25.1 million (year ended 31 March 2012: HK$51.4 million), representing a decrease of 51.2% as compared with the last year and accounting for 75.4% of the Group's total turnover (2012: 91.0%). As for segment results, that of the apparel retail business recorded a loss of HK$58.3 million, representing an increase of 49.5% as compared with HK$39.0 million of last year. The increase of loss in the segment result was mainly due to reduction in the recorded turnover from a downturn in the PRC retail market and raising labor and production costs in the PRC.

Pharmacy and healthcare product retail business

The Group intends to diversify the Group's retail business by developing businesses in other retail industries. In November 2012, the Group established a pharmacy store situated in Hong Kong, which not only provides pharmaceutical products but also a variety of skincare and healthcare products. The turnover from the pharmacy and healthcare products retail business for the period ended 31 March 2013 was approximately HK$0.13 million.

Salon and beauty service business

To further diversify the Group's retail business and in February 2013, the Group launched a hair salon with beauty services located in a luxury hotel in Hong Kong. The turnover arising from salon and beauty services business for the period ended 31 March 2013 was approximately HK$1.7 million.

Luxury goods and accessories retail business

Included in the amount of turnover was HK$6.3 million (year ended 31 March 2012: HK$5.1 million) generated by the luxury goods and accessories retail business. This segment recorded a loss in segement result of HK$13.7 million during the year (2012: HK$12.7 million).

EXISTING APPAREL BUSINESS UPDATES

The slowdown of the economy in the People's Republic of China ("PRC") had a knock-on effect in our apparel retail market in PRC. Moreover, as a result of the emergence of a hyper competitive retail climate and the weakness in consumer sentiment, the overall apparel retail environment in the PRC continued to be challenging. The Group was not able to maintain business relationships with existing authorized retailers or reach mutually favorable terms and conditions with potential authorized retailers. Hence 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.

Instead of focusing on business expansion in the PRC, the Group's top priority is to retain capital and restore profitability within the foreseeable future. Pursuant to the existing apparel market conditions, management has decided to focus on the re-branding of the Group's apparel products and accessories and improve the performance of its self-operating stores. By doing so, the Group believes this will regain the confidence of potential authorized retailers and increase the number of authorized retailers.

In view of the above, given the amicable relationship between the Group and the aforesaid potential business partners, the Group has not been able to achieve forecast profit not less than HK$16.1 million and 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. The Group will adopt a flexible approach to monitor performance of each individual store and adjust its portfolio in a timely manner. More stringent measures will be implemented by management to continuously improve efficiency of the Group's resources.

As of 31 March 2013, the total gross floor area of the Group's apparel retail outlets stood at 4,693 square meters, amounting to over 74% of the expected accumulated floor area of 6,275 square meters stated in the Company's circular dated 28 June 2011.

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

PROSPECTS

Apparel retail business

Throughout the year, in addition to the remained stagnant of global economic growth, the China economy was experiencing a slowdown and the overall retail market environment in China continued to be challenging. The Group experienced a competitive retail climate, with frequent sales promotions and discounting, eroded margins throughout the industry as competitors fought to defend its market share. The continuous raising labor cost and production cost added pressure on the Group's retail operation. During the year, the Group has been continuously improving the retail operation of the existing outlets and will locate new outlets in non-prime locations to reduce the pressure from increasing rental costs.

The Group realize that brand differentiation is crucial to consumption markets in China, with more and more consumers being aware of fashionable apparel with unique characteristics. Therefore, the Group will continue efforts to broaden the existing store sales by providing more variety and characteristics of seasonal products, while refining our retail store network to boost overall competitiveness. Also, the Group is currently developing e-commerce and will adopt internet sales channels at TMALL scheduled in the second-half of 2013. Furthermore, management continues to work on rebuilding the Group's brand image, stabilizing supplier sources, adoption of more effective cost control scheme to lower the product cost, expanding the product lines and strengthening the sales staff training program.

As of 31 March 2013, the Group established 53 (2012: 29) fashion outlets. These outlets are located in 11 provinces in the PRC covering 18 cities such as Beijing, Guangzhou, Tianjin, Chongqing, Shenyang, Wuxi, Xian and Changchun in PRC. As of 31 May 2013, the Group had established 47 fashion outlets located in 10 provinces in the PRC covering 16 cities.

Salon and beauty service business

During the year, the Group is engaged in another retail business by establishing a hair salon with beauty services located in a luxury hotel in Hong Kong, providing a higher level of service to our valued patrons. Turnover contributed by this new operating segment since February 2013 was approximately HK$1.7 million. With over 3,000 square ft with an intimate setting infused with Parisian charm, complemented with state-of-art equipment, the hair salon not only provides professional hair styling services, but also a variety of hair and skin products and nail care services.

Pharmacy and healthcare product retail business

At present, the revenue from this new operating segment is mainly arised from the sales of skincare and healthcare products. With increasing consciousness on consumer skincare and healthcare, the Group will continue to launch marketing activities on skincare and healthcare products by organising professional skincare and healthcare seminars; providing professional trainings to the sales and marketing teams in order to enhance their product knowledge and professionalism; implement different marketing strategies to address specific needs and features of different markets and hospitals, in order to expedite the growth of sales and establishing the pharmacy store image in the future.

The Board believes that the diversification of retail businesses will provide a synergy effect to the Group's existing retail business which are in the interests of the Company and its shareholders as a whole.

Luxury goods and accessories retail business

The turnover of luxury goods and accessories retail business during the year ended 31 March 2013 was approximately HK$6.3 million. With the slow economic growth in Hong Kong and China, especially in the luxury accessories products retail industry, the turnover for the same period was slightly decreased as compared to HK$5.1 million, the turnover generated by this segment since the Group acquired this retail group in August 2011. The Group will continue to put more efforts on marketing and promoting activities to expedite the growth of the sales.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The management and control of the Group's financial and capital management are centralized at its headquarters in Hong Kong. The Group adheres to the principle of prudent financial management to minimise financial and operational risks. The Group mainly relies upon internally generated funds and proceeds from fund raising activities to finance its operations and expansion.

As at 31 March 2013, the Group has no bank and other borrowings. As at 31 March 2013, the Group's current assets and current liabilities were HK$128.9 million and HK$35.2 million respectively. The Group's current ratio has been decreased to 3.66 times (31 March 2012: 5.27 times).

On 23 August 2012, the Group effected a capital reorganisation which involved the followings:

— Share consolidation that every 5 issued and unissued ordinary shares of HK$0.10 each be consolidated into 1 consolidated share of HK$0.50 each;

— Capital reduction that paid-up capital of the consolidated shares be cancelled to the extent of HK$0.49 per consolidated share so as to form a new share of HK$0.01 each;

— Share subdivision that the authorised but unissued consolidated shares of HK$0.50 each be subdivided into 50 shares of HK$0.01 each; and

— Transfer of the entire amount of the credit arising from the capital reduction to accumulated losses of the Company amounted to approximately HK$311,837,000.

On 7 December 2012, 318,201,240 rights shares of HK$0.01 each were issued on the basis of one rights share for every two existing shares held on 15 November 2012 at subscription price of HK$0.25 per rights share.

On 3 January 2013, 127,280,496 ordinary shares of HK$0.01 each were issued at placing price of HK$0.085 per share through a placing agent pursuant to a placing agreement dated 20 December 2012.

On 31 January 2013, the Company effected a share consolidation that every 10 issued and unissued ordinary shares of HK$0.01 each be consolidated into 1 consolidated share of HK$0.1 each.

During the year ended 31 March 2013, 63,640,248 share options of HK$0.01 each were exercised at exercise price of HK$0.105.

CAPITAL EXPENDITURE COMMITMENTS

As of 31 March 2013, the Group had no material capital expenditure commitments.

PLEDGE OF ASSETS

As of 31 March 2013, the Group had no pledge of assets.

CONTINGENT LIABILITIES

As of 31 March 2013, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group had 364 full-time employees excluding directors (2012: 306 full-time employees).

The Group offers an attractive remuneration policy and provides training programmes which are complementary to certain job functions. Total staff cost for employees (including the directors' remuneration) was HK$48.5 million for the year (2012: HK$26.9 million). The increase in total remuneration of the employees was mainly due to the increase in the number of staff and an increase in the average salaries of employees.

AUDIT COMMITTEE

The Audit Committee comprises of all three independent non-executive directors, namely Mr. Yau Yan Ming, Raymond (Chairman of the Audit Committee), Dr. Leung Shiu Ki, Albert and Mr. Robert James IAIA, with the chairman possessing the appropriate professional qualifications and accounting expertise.

The Company's annual results for the year ended 31 March 2013 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2013 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "**CG Code**"). None of the directors of the Company is aware of information that would reasonably indicate that the Company was not in compliance with the CG Code as of the date of the reporting, except that the Independent Non-executive Directors were not appointed for specific term. In accordance with the Provision 84 of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall be retired from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees (the "**Securities Code**") with standards no less exacting than that of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Having made specific enquiries, all directors and relevant employees (as defined in the Listing Rules) of the Company confirmed that they have complied with the Securities Code and Model Code throughout the year.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the web sites of the Stock Exchange (www.hkex.com.hk) and the Company (www.tackfiori.com). The Group's Annual Report 2013 will be despatched to the shareholders of the Company and available on the above web sites in due course.

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

Hong Kong, 27 June 2013

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

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