

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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TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

**(1) PROPOSAL FOR THE GRANT OF
GENERAL MANDATE TO ISSUE NEW SHARES;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the grant of Issue Mandate is set out on pages 9 to 10 of this circular. A letter from Akron containing its advice to the Independent Board Committee in respect of the grant of Issue Mandate and the Independent Shareholders is set out on pages 11 to 19 of this circular.

A notice convening the EGM to be held at 4 p.m. on Thursday, 5 December 2013 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong is set out on pages 20 to 22 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 in Hong Kong, **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.

20 November 2013

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DEFINITIONS

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

“Akron”	Akron Corporate Finance Limited, a licensed corporation to carry on business in Type 6 regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of Issue Mandate
“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: 928), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on main board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 4 p.m. on Thursday, 5 December 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 20 to 22 of this circular
“General Mandate”	the issue mandate granted by Shareholders at the annual general meeting of the Company held on 4 September 2013 to allot, issue and deal with up to a maximum of 29,783,635 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 grant of Issue Mandate

DEFINITIONS

“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
“Latest Practicable Date”	15 November 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)
“Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.



TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

Executive Directors:

Mr. Chung Yuk Lun

(Managing Director and Chief Executive Officer)

Mr. Chan Chak Kai, Kenneth

Mr. Wan Wai Hei, Wesley

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:

8/F., China United Centre

28 Mable Road

North Point

Hong Kong

20 November 2013

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE GRANT OF
GENERAL MANDATE TO ISSUE NEW SHARES;
(2) RE-ELECTION OF DIRECTOR;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information in relation to (i) the grant of Issue Mandate; (ii) the re-election of Director; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders regarding the grant of Issue Mandate; (iv) the recommendation from Akron to the Independent Board Committee and the Independent Shareholders regarding the grant of Issue Mandate; and (v) notice of the EGM.

LETTER FROM THE BOARD

GRANT OF ISSUE MANDATE

At the annual general meeting of the Company held on 4 September 2013, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the General Mandate to issue, allot and deal with up to 29,783,635 Shares, 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 a placing agreement on 26 September 2013, in relation to the placing of 29,783,635 Shares which was completed on 9 October 2013. Accordingly, 29,783,635 Shares had been successfully placed and the net proceeds from the placing amounted to approximately HK\$16.53 million was received by the Company. The entire net proceeds will be used as general working capital of the Group. As a result, the General Mandate was fully utilised and the number of issued Shares of the Company was 178,701,814 by then. The Board proposes the grant of Issue Mandate to allow 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.

In view of the remained stagnant of global economic growth, the PRC economy was experiencing a slowdown and the overall retail market environment in PRC continued to be challenging. As a result, the Group experienced a competitive retail climate with frequent sales promotions and discounting which inevitably eroded profit margins throughout the retail industry as competitors fought to maintain its market share. The continuous rising labor cost and production cost have added pressure on the Group's retail operation. As previously announced, the Company recorded a net loss of approximately HK\$126.0 million for the year ended 31 March 2013, the Group's internal resources has deteriorated due to the Group's loss making position. Hence, the Company had to rely on equity-fund raising activities including placing of new shares to finance the Group's existing operations and to capture any business opportunities should they arise. 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 promote brand image which would increase the sales of the Group's retail business; (ii) provide capital for the Group's future business expansion; and (iii) provide cash buffer against adverse business environment. Accordingly, the Directors consider the grant of Issue Mandate is in the interests of the Company and the Shareholders as a whole.

Further, though the existing cash resource and working capital of the Group are sufficient to conduct daily operations and to meet its present working capital requirements, the Company considered that by having additional working capital a merit in conducting its business. The Board is of the view that the Issue Mandate would enhance the financial flexibility of 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. Accordingly it is necessary to request for Independent Shareholders' approval to approve the Issue Mandate at the EGM.

LETTER FROM THE BOARD

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 grant of Issue Mandate will give the Company the flexibility to raise funds 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 for the grant of Issue Mandate to the Directors. The Board would consider other means of fund-raising such as a rights issue or an open offer, or to seek for a specific mandate to issue new shares when a specific usage can be identified. As at the Latest Practicable Date, the Company has no specific plan for any future fund raising exercise.

Based on the 178,701,814 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 up to the date of the EGM, subject to the passing of the relevant ordinary resolution to approve the grant of Issue Mandate at the EGM, the Directors will be authorized to allot and issue up to 35,740,362 new Shares under the Issue Mandate. Though the grant of Issue Mandate may result in a maximum possible future dilution effect of approximately 16.67% in the shareholding of the Shareholders as enlarged by the issue of new Shares under the Issue Mandate when approved, the Company considers such potential future dilution of shareholding to be fair and reasonable and in the interests of the Company and the Shareholders as a whole after taking into consideration of the benefits of the grant of Issue Mandate mentioned above.

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 advise the Independent Shareholders in relation to the grant of Issue Mandate. The independent financial adviser, Akron, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RE-ELECTION OF DIRECTOR

Mr. Chung Yuk Lun (“**Mr. Chung**”) was appointed as the Managing Director and Chief Executive Officer of the Company on 4 November 2013.

Pursuant to Article 83(3) of the Articles of Association of the Company (the “**Articles**”), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Accordingly, Mr. Chung who was appointed as the Managing Director and Chief Executive Officer on 4 November 2013 will retire at the EGM pursuant to Article 83(3) of the Articles and, being eligible, offer himself for re-election at the EGM.

LETTER FROM THE BOARD

Brief biographical and other details of Mr. Chung, which are required to be disclosed under the Listing Rules, are set out below:

Biographical details of Mr. Chung

Mr. Chung, aged 52, is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountant (England and Wales). Mr. Chung has over 20 years' experience in finance and project investment. Mr. Chung is currently an independent non-executive director of Heritage International Holdings Limited, Forefront Group Limited, Dragonite International Limited and Freeman Financial Corporation Limited, all of which are companies listed on the Stock Exchange. Mr. Chung was the executive director of Ming Fung Jewellery Group Limited and Radford Capital Investment Limited until he resigned on 28 September 2013 and 1 November 2013 respectively. Save as disclosed herein, Mr. Chung did not hold any directorships in any other listed public companies in the last three years immediately preceding the Latest Practicable Date.

Mr. Chung has not entered into any service contract with the Company in relation to his appointment as the Managing Director and Chief Executive Officer of the Company. Mr. Chung will receive a remuneration of HK\$175,000 per month, which is determined with reference to his background, duties and responsibilities with the Company and the prevailing market situation. The directorship of Mr. Chung with the Company will be subject to rotation requirements and re-election pursuant to the Articles. Mr. Chung did not hold any position in the Company or any subsidiaries of the Company prior to his appointment. Mr. Chung does not have any relationship with any Directors, member of senior management or substantial or controlling shareholder(s) of the Company. As at the Latest Practicable Date, Mr. Chung does not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other matters relating to Mr. Chung that need to be brought to the attention of the Shareholders nor is there any information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

NOTICE OF EGM

The EGM will be convened and held for the purpose of considering, and, if thought fit, passing, inter alia, (i) the grant of Issue Mandate and (ii) the re-election of the Director.

The notice of the EGM is set out on pages 20 to 22 of this circular. 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 in Hong Kong, 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.

LETTER FROM THE BOARD

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of Issue Mandate will be subject to the Independent Shareholders' approval by way of poll at the EGM at which the Controlling Shareholder(s) and their associates or, where there are no Controlling Shareholder(s), the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the grant of Issue Mandate at the EGM.

As at the Latest Practicable Date, the Company has no Controlling Shareholder; and Mr. Chan Chak Kai, Kenneth (“**Mr. Chan**”), an executive Director of the Company, is beneficially interested in 1,006,000 Shares and Mr. Chan and his associates are entitled to exercise control over the same extent the voting rights in respect of his Shares. Accordingly, Mr Chan and his associates will abstain from voting in favour of the ordinary resolution to approve the grant of Issue Mandate at the EGM. As at the Latest Practicable Date, Mr. Chan and his associates have indicated that they have no intention to vote against the ordinary resolution to approve the grant of Issue Mandate at the EGM.

Save as disclosed, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates hold any Shares and to the extent that any of the Directors and their associates controlled or were entitled to exercise control over the voting rights in respect of his/her/their Shares at the date of EGM, they are required to abstain from voting in favour of the ordinary resolution to approve the grant of Issue Mandate at the EGM.

No Shareholder is required to abstain from voting at the EGM in respect of the ordinary resolution relating to the re-election of Mr. Chung as an executive Director.

Pursuant to Rule 13.39(4) of the Listing Rules, all ordinary resolutions at the EGM will be voted by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders set out on pages 9 to 10 of this circular and the letter from Akron containing its recommendation to the Independent Board Committee and the Independent Shareholders and the principal factors which it has considered in arriving at its recommendation with regard to the grant of Issue Mandate, as set out on pages 11 to 19 of this circular.

The Board is of the opinion that the grant of Issue Mandate and the re-election of Mr. Chung Yuk Lun as an executive Director are in the best interests of the Company and the Shareholders as a whole and recommends the Shareholders or the Independent Shareholders (as the case may be) to vote in favour of the ordinary resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

GENERAL

The Company principally engages in investment holding. The Group principally engages in apparel retail business in the PRC and luxury goods and accessories retail business (including watches, audio equipment and products and other accessories, sale of crystal gemming service and products) in Hong Kong and the PRC, salon and beauty services business and pharmacy and healthcare products retail business in Hong Kong, securities trading and investment business and money lending business.

Akron 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

Chung Yuk Lun

Managing Director and Chief Executive Officer



TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

20 November 2013

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSAL FOR THE GRANT OF
GENERAL MANDATE TO ISSUE NEW SHARES**

We refer to the circular of the Company to the Shareholders dated 20 November 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 grant 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.

Akron has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the grant 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 recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 11 to 19 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 8 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the grant of Issue Mandate and the recommendation of Akron, we consider that the grant of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the grant 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 ordinary resolution to be proposed at the EGM to approve the grant 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 AKRON

The following is the text of a letter received from Akron Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the grant of Issue Mandate for the purpose of inclusion in this circular.



20 November 2013

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSAL FOR THE GRANT OF GENERAL MANDATE TO ISSUE NEW SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the grant of Issue Mandate, details of which are contained in the letter from the board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 20 November 2013, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the content otherwise requires.

Pursuant to Rule 13.36(4) of the Listing Rules, the grant of Issue Mandate shall be subject to the Independent Shareholders’ approval by way of poll at the EGM. Any controlling Shareholders and their associates or where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the grant of Issue Mandate to be proposed at the EGM as required under Rule 13.36(4)(a) of the Listing Rules. As at the Latest Practicable Date, the Company has no controlling Shareholder. As at the Latest Practicable Date, Mr. Chan Chak Kai, Kenneth, an executive Director, is beneficially interested in 1,006,000 Shares constituting approximately 0.56% of the issued share capital of the Company. Save as disclosed, none of the Directors and the chief executive of the Company and their respective associates hold any Shares. Accordingly, assuming the Company has no controlling Shareholder as at the date of the EGM, the executive Directors and the chief executive of the Company and their respective

LETTER FROM AKRON

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 ordinary resolution relating to the grant of Issue Mandate.

The Independent Board Committee comprising Dr. Leung Shiu Ki, Albert, Mr. Robert James Iaia II, Ms. Lam Yan Fong, Flora, Mr. Yau Wan Ming, Raymond and Mr. Miu H., Frank, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on whether the grant of Issue Mandate is fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

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 date of the despatch of the Circular. 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 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, that 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 with 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 nor have we considered the taxation implication on the Group or the Shareholders as a result of the transactions herein.

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 CONSIDERED

In arriving at our opinion in respect of the grant of Issue Mandate, we have considered the following principal factors and reasons:

Background of the grant of Issue Mandate

At the annual general meeting of the Company held on 4 September 2013, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the General Mandate to issue, allot and deal with up to 29,783,635 Shares, being 20% of the then issued share capital of the Company of 148,918,179 Shares as at the date of passing of that resolution.

During the period from the grant of the General Mandate to the Latest Practicable Date, the General Mandate had been fully utilised by the Company for the placing of 29,783,635 new Shares with net proceeds of approximately HK\$16.5 million for use as general working capital of the Group (the “**Placing**”), details of which are set out in the announcement of the Company dated 26 September 2013. The Placing was completed on 9 October 2013.

As a result, the General Mandate had been fully utilized after the Placing. If the Issue Mandate is not granted, no Shares can be further issued and allotted by the Directors under the General Mandate. In addition, we are advised that the next annual general meeting will not be held until around September 2014, which is about ten months away from the Latest Practicable Date. Therefore, in order to enable the Group to have additional options for future fund raising activities and to maintain the financial flexibility for the Group to manage its business and to raise additional equity capital for any future business development and investment opportunities, the Directors therefore propose to seek approval of the Independent Shareholders for the grant of Issue Mandate such that the Directors could be granted an authority to issue, allot and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution(s) at the EGM.

As at the Latest Practicable Date, the Company had 178,701,814 Shares in issue. Subject to the passing of the proposed resolution for the grant of Issue Mandate and on the basis that there are no changes in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, the grant of Issue Mandate would allow the Directors to issue, allot and deal with up to 35,740,362 Shares. Up to the Latest Practicable Date, the Company has not identified any investment and/or business opportunities and does not have any concrete plan regarding the utilisation of the Issue Mandate to be granted.

Reasons for the grant of Issue Mandate

The Group is principally engaged in (i) apparel retail business in the PRC (the “**Apparel Retail Business**”); (ii) luxury goods and accessories retail business (including watches, audio equipment and other accessories) in Hong Kong and the PRC; (iii) pharmacy operation and healthcare product retail business in Hong Kong (the “**Pharmacy & Healthcare Retail Business**”); (iv) salon and beauty service business in Hong Kong (the “**Salon & Beauty Service Business**”); and (v) securities trading and investments business and money lending business.

LETTER FROM AKRON

We note that according to the annual report of the Company for the year ended 31 March 2013 (the “**Annual Report**”), the Group recorded a turnover of approximately HK\$33.3 million for the year ended 31 March 2013 (“**FY 2013**”) as compared with approximately HK\$56.5 million for the year ended 31 March 2012 (“**FY 2012**”), representing a decrease of approximately 41.1%. The Group recorded a net loss for the year of approximately HK\$126.0 million in FY 2013. In FY 2012, without taking into account of the extraordinary items of (i) the gain on debt restructuring of approximately HK\$1,321.8 million; (ii) the gain on bargain purchase of approximately HK\$21.6 million; and (iii) gain on deconsolidation of subsidiaries of approximately HK\$56.4 million, the Group recorded a loss for the year of approximately HK\$106.2 million in FY 2012. The net loss for the year in FY 2013 increased by approximately 18.6% as compared with the net loss of approximately HK\$106.2 million (excluding one-off extraordinary items) in FY 2012. The Group also recorded net cash outflow from its operating activities which amounted to approximately HK\$131.4 million in FY 2013, representing an increase of approximately 96.1% when compared to approximately HK\$67.0 million in FY 2012. The cash and bank balance of the Group decreased by approximately 56.8% from approximately HK\$121.2 million as at 31 March 2012 to approximately HK\$52.3 million as at 31 March 2013.

Further, according to the Annual Report, the Apparel Retail Business is the major business segment of the Group whose turnover accounted for approximately 75.4% and 91.0% of the Group’s turnover in FY 2013 and FY 2012 respectively. Turnover of the Apparel Retail Business amounted to approximately HK\$25.1 million in FY 2013, representing a decrease of approximately 51.2% as compared with that of approximately HK\$51.4 million in FY 2012. Segment results of the Apparel Retail Business recorded a loss of approximately HK\$58.3 million in FY 2013, representing an increase of approximately 49.5% as compared with approximately HK\$39.0 million in FY 2012. The increase in loss of segment result was mainly due to reduction in turnover resulted from a downturn in the PRC retail market and rising labor and production costs in the PRC.

In light of the challenging retail climate in the PRC, the Apparel Retail Business has been underperforming in recent years. With the view to diversify the overall risk of the Group, the Group began to diversify its retail business and engage in two new retail businesses in Hong Kong, namely the Pharmacy & Healthcare Retail Business and the Salon & Beauty Service Business in order to broaden the income base of the Group and to improve its financial performance. In light of the continuous loss-making position of the Salon & Beauty Service Business since its inception, the Company has decided to sell it at a consideration of HK\$8.0 million and is expected to record a gain of approximately HK\$0.6 million from its disposal. For details of the disposal, please refer to the Company’s announcement dated 8 November 2013.

In line with the Group’s business development initiative, the Group will concurrently strengthen the competitiveness of the Apparel Retail Business and explore suitable business opportunities should they arise. The Group will continue to enhance competitiveness of the Apparel Retail Business by (i) broadening its product variety; (ii) promoting brand image; (iii) repositioning existing and new stores; and (iv) strengthening its staff training.

LETTER FROM AKRON

Taking into account (i) the anticipated funding needs based on the Group's business development for the Apparel Retail Business as abovementioned; and (ii) the Group's recent financial performance under the competitive retail climate which resulted in net loss of the Group and net cash outflow from operating activities, it would be prudent and reasonable for the Company to maintain a strong capital base and financial flexibility in order to finance the possible funding requirement for its existing business development and pursuing further business development opportunities, where funding requirements may arise at anytime and require considerable amount of capital in a timely manner.

As advised by the Company, we understand that the Directors consider equity financing to be an important avenue of financial resources to the Group since it (i) does not incur any interest paying obligations on the Group as in bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises. The Directors consider that such ability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions. Notwithstanding that (i) there is currently no concrete proposal presented by potential investors for investment in Shares; and (ii) the Company has not identified any investment and/or business opportunities as at the Latest Practicable Date, additional funding may still be required for financing future investment and/or business development as and when opportunities arise, which may lead to shortfall of the working capital requirement of the Group. In the event that the Group identified a suitable investment opportunity but does not have sufficient financial resources on hand, or fails to find other alternatives to finance such investment opportunity in a timely manner, the Group may lose its chance to capture an otherwise favorable investment and/or a favorable opportunity to expand its business portfolio. Should the Group seek approval from the Independent Shareholders for granting the specific mandate for those investment and/or business opportunities arise that require issue of new Shares, there is no certainty that such requisite Shareholders' approval could be obtained in a timely manner. Therefore, it may cause undue delay if the Group wishes to carry out timely acquisitions. Based on the foregoing, the grant of Issue Mandate is necessary for maintaining the Group's financial flexibility so that should future funding needs arise or attractive terms for investment in Shares are offered by potential investors, the Board will be able to respond to the market and such investment opportunities promptly. The Board considers that the grant of Issue Mandate is in the interests of the Company and the Shareholders as a whole.

The Issue Mandate, if granted and not revoked or varied prior to the next annual general meeting of the Company, will be valid until the date of the forthcoming annual general meeting which is expected to be held around September 2014, which is about ten months away from the Latest Practicable Date. As at the Latest Practicable Date, the Board has not identified any equity fund raising method and has not conducted any negotiation concerning any equity fund raising activity. We consider that the Issue Mandate will not only provide the Company with the flexibility to take advantage of the market condition to raise additional funds in a timely manner, but will also broaden the shareholders base and strengthen the capital base of the Group should suitable equity fund raising opportunities are identified.

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In addition to the above-mentioned factors, we have also taken into account of the HK\$10.4 million unutilized proceeds raised from December 2012 Placing (as defined below) which is specifically designated for investment opportunities in the retail industry should suitable opportunities arise in future (the “**Retail Investment Opportunities**”) and such unutilized proceeds will not be available for financing other possible funding needs of the Group which may arise in the course of its business operations and its business development. Such possible funding needs of the Group which may arise in connection with its business operations and business development will include but not limited to (i) general working capital required for the Group’s business operation and related operational expenditure; and (ii) with the view of diversifying the Group’s business portfolio for its business development, financial resources may be required by the Group for capturing other suitable business development and/or investment opportunities apart from the Retail Investment Opportunities (the “**Other Investment Opportunities**”) which have promising prospect when such opportunities arise. Based on the foregoing, we are of the opinion that the grant of Issue Mandate would provide the Company with greater flexibility which is essential for fulfilling any possible funding needs for the Group’s business operational funding requirement, future business development and/or investment decisions in connection with both the Retail Investment Opportunities and Other Investment Opportunities should they arise in a timely and cost effective manner. Consequently, we are of the view that the grant of Issue Mandate is in the interests of the Company and the Shareholders as a whole.

History of equity fund raising activities of the Group during the last twelve months

According to the information provided by the Directors, we summarise the equity fund raising activities of the Company during the past twelve months immediately preceding the Latest Practicable Date in the following table:

Date of announcement	Description	Net proceeds (<i>approximately</i>)	Intended use of proceeds	Actual use of proceeds
20 December 2012 (the “ December 2012 Placing ”)	Placing of new Shares under general mandate	HK\$10.4 million	To finance investment opportunities within the retail industry	Not yet utilized
18 April 2013	Placing of new Shares under general mandate	HK\$11.7 million	For general working capital of the Group and the Group will direct the net proceeds for conducting the Group’s short term treasury activities to generate short term revenue (including short term securities investments and money lending activities), pending the actual application to the Group’s general working capital as required	Used as intended

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Date of announcement	Description	Net proceeds (<i>approximately</i>)	Intended use of proceeds	Actual use of proceeds
26 September 2013	The Placing under the General Mandate	HK\$16.5 million	General working capital	Approximately HK\$11.5 million is used as intended and the remaining balance is maintained at bank

Save as disclosed herein, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

As shown in the table above, the Company has raised an aggregate amount of net proceeds of approximately HK\$38.6 million from three fund-raising exercises during the period from 20 December 2012 to the Latest Practicable Date. Among those net proceeds raised, (i) approximately HK\$23.2 million has been applied as general working capital of the Group (including rebranding and revitalizing of the Apparel Retail Business); (ii) HK\$5.0 million is maintained at bank (excluding net proceeds from the December 2012 Placing); and (iii) approximately HK\$10.4 million from the December 2012 Placing has been deposited in bank pending specifically for financing investment opportunities within retail industry should they arise in future. Up to the Latest Practicable Date, the Company has not identified any investment opportunities in the retail industry.

Taking into account the Group's financial performance in recent years which recorded net loss from its operations and net cash outflow from its operating activities, we consider that it is commercially sensible for the Group to maintain flexibility in equity financing in its financial management strategy.

Taking into consideration of the above and the fund-raising activities of the Company in the past twelve months as a whole, we consider that the grant of Issue Mandate is in the interest of the Company and the Shareholders as a whole.

Other financing alternatives

The Directors consider equity financing to be an important avenue of financial resources for the Group since it does not create any interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future investment and/or business development. Furthermore, the Directors will consider equity fund-raising on pro-rata basis such as rights issue or open offer as an alternative to obtain financial resources so that existing shareholders will have a choice to participate in the Group's future development to a greater extent. The Directors are aware that negotiations with potential brokerage firms to act as underwriter(s) can be lengthy and it highly depends on the prevailing market conditions to arrive at good terms that are beneficial to the Shareholders as a whole. The Directors are inclined to choose the method to raise fund which incurs the least cost but with higher possibility to succeed. In respect of debt financing, it will incur interest burden on the Group and it may be subject to lengthy due diligence and negotiations with lenders with reference to the Group's profitability,

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financial position, capital structure and the prevailing financial market conditions. Having considered that the Group has been loss-making, it is not the best option for the Group to incur additional bank borrowings and debt financing. There is no certainty that the Group's cash resources will be adequate or other financing alternatives will be available for appropriate investment that may be identified by the Company in the future. The Directors consider that equity financing such as issuance of new Shares could be an appropriate means to fund such investments and/or acquisitions and provide additional working capital for future business development and expansion of the Group.

We consider that the grant of Issue Mandate will provide the Company with an additional alternative for fund raising and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future development, including equity financing. As such, we are of the view that the grant of Issue Mandate will be in the interest of the Company and the Shareholders as a whole.

Potential dilution to shareholding of the public Shareholders

We set out below the table depicting (i) the shareholding structure of the Company as at the Latest Practicable Date; and for illustrative purpose, (ii) shareholding structure of the Company after full utilisation of the Issue Mandate, assuming no Shares are issued or repurchased during the period between the Latest Practicable Date and the date of EGM:

Shareholders	As at the Latest Practicable Date		After full utilisation of the Issue Mandate	
	<i>(No. of Shares)</i>	%	<i>(No. of Shares)</i>	%
Mr. Chan Chak Kai, Kenneth <i>(Note)</i>	1,006,000	0.56	1,006,000	0.47
Public Shareholders	177,695,814	99.44	177,695,814	82.86
New Shares available to be issued under the Issue Mandate	<u>—</u>	<u>—</u>	<u>35,740,362</u>	<u>16.67</u>
Total	<u><u>178,701,814</u></u>	<u><u>100.00</u></u>	<u><u>214,442,176</u></u>	<u><u>100.00</u></u>

Note: Mr. Chan Chak Kai, Kenneth is an executive Director.

As illustrated in the table above, assuming that (i) the Issue Mandate is approved at the EGM; and (ii) no further Shares will be issued or repurchased by the Company from the Latest Practicable Date to the date of the EGM (both dates inclusive), 35,740,362 Shares can be issued upon full utilisation of the Issue Mandate, representing 20% of the issued share capital as at the date of the EGM, and the aggregate shareholding of the existing public Shareholders will decrease from approximately 99.44% as at the Latest Practicable Date to approximately 82.86% upon full utilisation of the Issue Mandate, representing a potential maximum dilution in public shareholding of approximately 16.67%.

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Taking into account that (i) grant of Issue Mandate will provide an alternative means for the Company to raise capital by allotment and issue of new Shares; (ii) grant of Issue Mandate will provide more flexibility and options of financing to the Group for further business development as well as for other potential future investments and/or acquisitions as and when such opportunities arise; and (iii) the shareholding interests of all the Shareholders will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate, we consider such potential dilution to shareholdings of the public Shareholders to be acceptable.

RECOMMENDATION

Having taken into account of the principal factors and reasons referred to the above, we are of the opinion that the grant of Issue Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution approving the grant of Issue Mandate at the EGM. Independent Shareholders are however advised to take note of the possible dilution effect on their shareholding interests in the Company if and when the Issue Mandate is utilised.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited
Ross Cheung
Managing Director

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 p.m. on Thursday, 5 December 2013 at 30/F, China United Centre, 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

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 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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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** Mr. Chung Yuk Lun be and is hereby re-elected as an executive Director of the Company and the Board of Directors of the Company be authorised to fix the remuneration of Mr. Chung Yuk Lun.”

By order of the Board
TACK FIORI INTERNATIONAL GROUP LIMITED
Chung Yuk Lun
Managing Director and Chief Executive Officer

Hong Kong, 20 November 2013

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

Executive Directors:

Mr. Chung Yuk Lun
(Managing Director and Chief Executive Officer)
Mr. Chan Chak Kai, Kenneth
Mr. Wan Wai Hei, Wesley

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A form of proxy to be used for the meeting is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. The form of proxy must be signed by you or your attorney duly authorised in writing, or in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
4. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. 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 such case, the instrument appointing a proxy shall deem to be revoked.
5. In the case of joint holders of a share, the vote of the person, whether attending in person or by proxy, whose name stands first on the register of members of the Company in respect of such share shall be accepted to the exclusion of the vote(s) of the other joint holder(s).