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TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

INTERIM RESULTS

The Board of Directors of Tack Fiori International Group Limited (the “Company”) announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2013, together with comparative figures for the corresponding period, which have been reviewed by the Company’s Audit Committee and the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2013
(Amounts expressed in Hong Kong dollars)*

		Unaudited	
		Six months ended	
		30 September	
	<i>Notes</i>	2013	2012
		\$'000	\$'000
Turnover	4	17,101	14,285
Cost of sales and services		<u>(10,115)</u>	<u>(12,088)</u>
Gross profit		6,986	2,197
Change in fair value of held-for-trading investments		<u>(7,797)</u>	<u>(3,061)</u>
		(811)	(864)
Other income and gain		224	2,263
Selling and distribution costs		(32,284)	(27,611)
Administrative and other operating expenses		(30,936)	(31,140)
Impairment on property, plant and equipment	5	(14,282)	–
Impairment on inventories	6	<u>(15,920)</u>	<u>–</u>
Loss before taxation	7	(94,009)	(57,352)
Income tax	8	<u>–</u>	<u>–</u>
Loss for the period attributable to owners of the Company		(94,009)	(57,352)
Other comprehensive income (expense) that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translations		<u>211</u>	<u>(118)</u>
Total comprehensive expense for the period attributable to owners of the Company		<u>(93,798)</u>	<u>(57,470)</u>
			<i>(restated)</i>
Loss per share	9		
— Basic		(65.61) cents	(82.83) cents
— Diluted		<u>(65.61) cents</u>	<u>(82.83) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

(Amounts expressed in Hong Kong dollars)

		Unaudited 30 September 2013 \$'000	Audited 31 March 2013 \$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		20,142	40,093
Trademark		2,250	2,313
Rental deposits		4,078	6,334
		<u>26,470</u>	<u>48,740</u>
Current assets			
Inventories		23,651	35,217
Trade and other receivables	<i>10</i>	9,077	11,930
Held-for-trading investments		26,542	29,480
Bank balances and cash		18,593	52,257
		<u>77,863</u>	<u>128,884</u>
Current liabilities			
Trade and other payables	<i>11</i>	31,258	35,218
Net current assets		<u>46,605</u>	<u>93,666</u>
NET ASSETS		<u>73,075</u>	<u>142,406</u>
CAPITAL AND RESERVES			
Share capital	<i>12</i>	14,891	11,455
Reserves		58,184	130,951
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u><u>73,075</u></u>	<u><u>142,406</u></u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1 GENERAL

Tack Fiori International Group Limited (the “Company”, together with its subsidiaries, the “Group”) was incorporated in the Cayman Islands on 12 March 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is 8th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong.

The Company principally engages in investment holding. The Group principally engages in apparel retail business in the People’s Republic of China (the “PRC”), 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.

The presentation currency of the unaudited condensed consolidated financial statements is Hong Kong dollars (“HK\$”). For the convenience of the unaudited condensed consolidated financial statements users, the results and financial position of the Group are presented in HK\$ as the Company’s shares are listed on The Stock Exchange of Hong Kong Limited. All values are rounded to the nearest thousand (\$’000) except otherwise indicated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for held-for-trading investments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the unaudited condensed consolidated financial statements.

The scope of HKFRS 13 is broad and applies to both financial and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurements and disclosure requirements prospectively.

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce a new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income.” “Income statement” is renamed as a “statement of profit or loss”. 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 additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are 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 existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

4 TURNOVER AND SEGMENT INFORMATION

Relevant information was 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 second half of the year ended 31 March 2013, the salon and beauty services 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 the new reportable and operating segments during the six months ended 30 September 2013.

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 services business
- (iv) Pharmacy and healthcare products retail business
- (v) Securities trading and investments

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

For the six months ended 30 September 2013 (Unaudited)

	Apparel retail business \$'000	Luxury goods and accessories retail business \$'000	Salon and beauty services business \$'000	Pharmacy and healthcare products retail business \$'000	Securities trading and investments \$'000	Total \$'000
Gross proceeds from the disposal of held-for-trading investments	-	-	-	-	41,863	41,863
Segment revenue	18,321	1,530	5,458	189	-	25,498
Inter-segment revenue	-	-	-	(6)	-	(6)
Intra-segment revenue	(8,391)	-	-	-	-	(8,391)
Consolidated revenue	9,930	1,530	5,458	183	-	17,101
Change in fair value of held-for-trading investments, included in segment result	-	-	-	-	(7,797)	(7,797)
Segment result	(34,492)	(21,479)	(10,671)	(1,691)	(8,101)	(76,434)
Unallocated corporate expenses						(17,799)
Other income and gain						224
Loss before taxation						(94,009)

For the six months ended 30 September 2012 (Unaudited)

	Apparel retail business \$'000	Luxury goods and accessories retail business \$'000	Securities trading and investments \$'000	Total \$'000
Gross proceeds from the disposal of held-for-trading investments	–	–	1,462	1,462
Segment revenue	14,369	2,877	–	17,246
Intra-segment revenue	(2,961)	–	–	(2,961)
Consolidated revenue	11,408	2,877	–	14,285
Change in fair value of held-for-trading investments, included in segment result	–	–	(3,061)	(3,061)
Segment result	(31,194)	(7,372)	(3,061)	(41,627)
Unallocated corporate expenses				(17,988)
Other income and gain				2,263
Loss before taxation				(57,352)

Segment loss represents the loss resulted in each segment without allocation of other income, gain, and unallocated corporate expenses. This is the measure for reporting to the Group's CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

5 IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT

An impairment loss on property, plant and equipment was primarily made on the plant and equipment of the salon and beauty services business and apparel retail business during the current interim period.

On 8 November 2013, an indirect wholly-owned subsidiary of the Company entered into a conditional agreement to dispose 100% equity interest in Brune Blonde Group Limited at a cash consideration of HK\$8,000,000. Brune Blonde Group Limited is an investment holding company and its subsidiary operates a hair salon offering beauty and professional nail services to high-income customers in Hong Kong. The recoverable amount of the plant and equipment of the salon and beauty services business was determined with reference to the disposal consideration of HK\$8,000,000, and an impairment loss of approximately HK\$8,988,000 was identified and recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the current interim period.

During the current interim period, as the result of the continuous loss-making positions of the apparel retail business, the Group carried out a review of the recoverable amount of the cash generating unit of the apparel business and an impairment loss of approximately HK\$5,294,000 was identified and recognised on the property, plant and equipment of the apparel retail business in the condensed consolidated statement of profit or loss and other comprehensive income.

6 IMPAIRMENT ON INVENTORIES

At the end of the reporting period, the directors of the Company had performed a detailed review on the aged inventories of the Group and recognised an impairment loss of approximately HK\$15,920,000 (six months ended 30 September 2012: nil) on certain obsolete inventories of luxury goods and accessories retail business.

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Unaudited	
	Six months ended	
	30 September	
	2013	2012
	\$'000	\$'000
Cost of inventories recognised as expenses	7,416	12,088
Depreciation of property, plant and equipment	5,625	2,828
Amortisation of trademark	63	63
Share-based payments (included in administrative expenses)	5,390	4,178
Loss on disposal of property, plant and equipment	2,316	–
Interest income	(3)	(3)

8 INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both interim periods.

PRC Enterprise Income Tax is calculated at 25% of estimated assessable profits for both interim periods.

No Hong Kong Profits Tax and PRC Enterprise Income Tax was provided as there was no assessable profits for both interim periods.

9 LOSS PER SHARE

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

	Six months ended	
	30 September	
	2013	2012
	\$'000	\$'000
Loss		
Loss for the purpose of basic and diluted loss per share attributable to the owners of Company	94,009	57,352
	'000	'000
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	143,284	69,241

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the six months ended 30 September 2012 has been adjusted for the rights issue and share consolidation that took place on 7 December 2012 and 31 January 2013 respectively.

The computation of diluted loss per share 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 for the six months ended 30 September 2013 and 30 September 2012.

10 TRADE AND OTHER RECEIVABLES

Retail sales and salon and beauty services provided are normally settled in cash or by credit card with the settlement from the 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:

	At 30 September 2013 \$'000 (unaudited)	At 31 March 2013 \$'000 (audited)
Within 90 days	2,144	5,378
91–180 days	229	339
181–365 days	267	315
Over 1 year	265	48
	<u>2,905</u>	<u>6,080</u>

11 TRADE AND OTHER PAYABLES

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

	At 30 September 2013 \$'000 (unaudited)	At 31 March 2013 \$'000 (audited)
Within 90 days	756	137
91–180 days	–	–
181–365 days	–	66
Over 1 year	4,581	4,639
	<u>5,337</u>	<u>4,842</u>

12 SHARE CAPITAL

	<i>Notes</i>	Number of shares '000	Share capital \$'000
Authorised:			
Ordinary shares of HK\$0.10 each at 1 April 2012		5,000,000	500,000
Share consolidation	<i>(a)</i>	(4,000,000)	–
Share subdivision	<i>(a)</i>	49,000,000	–
		<u>50,000,000</u>	<u>500,000</u>
Ordinary shares of HK\$0.01 each at 30 September 2012		<u>50,000,000</u>	<u>500,000</u>
Ordinary shares of HK\$0.10 each at 1 April 2013 and 30 September 2013		<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:			
Ordinary shares of HK\$0.10 each at 1 April 2012 (<i>audited</i>)		3,182,013	318,201
Share consolidation	<i>(a)</i>	(2,545,611)	–
Capital reduction	<i>(a)</i>	–	(311,837)
		<u>636,402</u>	<u>6,364</u>
Ordinary shares of HK\$0.01 each at 30 September 2012 (<i>unaudited</i>)		<u>636,402</u>	<u>6,364</u>
Ordinary shares of HK\$0.10 each at 1 April 2013 (<i>audited</i>)		114,552	11,455
Issue of shares upon exercise of share options	<i>(b)</i>	11,455	1,145
Issue of shares under placement	<i>(c)</i>	22,910	2,291
		<u>148,917</u>	<u>14,891</u>
Ordinary shares of HK\$0.10 each at 30 September 2013 (<i>unaudited</i>)		<u>148,917</u>	<u>14,891</u>

Notes:

- (a) On 23 August 2012, the Group underwent a capital reorganisation which involved the following:
- Share consolidation pursuant to which 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 pursuant to which 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 pursuant to which 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.
- (b) On 19 April 2013, 11,455,244 ordinary shares of HK\$0.10 each were issued at exercise price of HK\$0.644 each upon exercise of share options.
- (c) On 7 May 2013, 22,910,489 ordinary shares of HK\$0.10 each were issued at placing price of HK\$0.54 per share through a placing agent pursuant to a placing agreement dated 18 April 2013.

13 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 to provide incentives to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Company and its subsidiaries (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 considers, 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 period of 10 years commencing on 18 September 2012. The Old Scheme expired on 10 April 2012. The principal terms of the New Scheme are similar to 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	Exercise price
Old Scheme	16.1.2012	16.1.2012–15.7.2013	16.7.2013–15.1.2015	HK\$5
New Scheme	19.4.2013	19.4.2013	19.4.2013–18.4.2023	HK\$0.644

The following table discloses movement of the Company’s share options held by Directors, consultants (providing similar services as employees) and employees during the six months ended 30 September 2013:

	Number of share options				Outstanding at 30.9.2013 '000
	Outstanding at 1.4.2013 '000	Granted during the period '000	Exercised during the period '000	Lapsed during the period '000	
Old Scheme					
Directors	1,400	–	–	(200)	1,200
Consultants	4,400	–	–	–	4,400
Employees	200	–	–	–	200
	<u>6,000</u>	<u>–</u>	<u>–</u>	<u>(200)</u>	<u>5,800</u>
New Scheme					
Consultants	–	11,455	(11,455)	–	–
	<u>6,000</u>	<u>11,455</u>	<u>(11,455)</u>	<u>(200)</u>	<u>5,800</u>

During the six months ended 30 September 2013, 11,455,244 options were granted on 19 April 2013. The estimated fair value of the options granted on 19 April 2013 was approximately HK\$2,947,000. The Group recognised the share option expenses of HK\$5,390,000 in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2013 (six months ended 30 September 2012: HK\$4,178,000) in relation to the share options granted.

The fair value of share options granted on 19 April 2013 was calculated using the Binomial Tree method (the “Method”). The inputs into the Method were as follows:

Grant date share price	HK\$0.630
Exercise price	HK\$0.644
Expected volatility	50.79%
Expected life	4.35 years
Risk-free rate	0.8892 %
Expected dividend yield	0%

Expected volatility was determined by using historical volatility of four comparable companies with similar business at grant date. The expected life used in the method has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

14 CONTINGENT LIABILITIES

The Group has no significant contingent liabilities at the end of the reporting period.

15 EVENTS AFTER THE REPORTING PERIOD

- (i) On 26 September 2013, the Company announced that it had entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 29,783,635 placing shares at a placing price of HK\$0.59 per placing share. The placing was completed subsequently on 9 October 2013.
- (ii) On 8 November, 2013, the Company announced that an indirect wholly-owned subsidiary of the Company, had entered into a conditional agreement to dispose 100% interest in Brune Blonde Group Limited at a cash consideration of HK\$8,000,000. Brune Blonde Group Limited is an investment holding company and its subsidiary is operating a hair salon offering salon, beauty and professional nail services to high-income customers in Hong Kong. The disposal has not yet been completed at the date of this announcement.

FINANCIAL RESULTS

For the six months ended 30 September 2013, the Group recorded a turnover of approximately HK\$17.10 million (six months ended 30 September 2012: HK\$14.29 million), representing an increase of approximately 19.66% as compared to the corresponding period of last year. Such increase of turnover is primarily attributable to the salon and beauty services business included in the current period. The Group's overall gross profit margin was 40.85% (six months ended 30 September 2012: 15.38%), representing an increase of approximately 165.6% when compared with the same period in last year. Such increase was mainly due to the inclusion of higher gross profit margin derived from the salon and beauty services business during the current period.

Loss before taxation of the Group was approximately HK\$94.01 million (six months ended 30 September 2012: approximately HK\$57.35 million), representing an increase of approximately 63.92% when compared with the same period in the previous year. Such increase was due to impairment loss on inventories and impairment loss on property, plant and equipment.

BUSINESS REVIEW AND PROSPECTS

Apparel retail business

The segment result was a loss of approximately HK\$34.49 million (six months ended 30 September 2012: HK\$31.19 million), representing an increase of approximately 10.57% when compared with the same period in the previous year. The increase in segment loss was primarily attributable to the impairment loss on leasehold improvement and setting off with higher gross profit margin achieved by the Group's imposition of an effective cost control throughout the period.

The Group is currently developing e-commerce and internet sales channels at TMALL and its own website in order to expedite sales growth. Furthermore, management continues to work on rebuilding the Group's brand image, stabilizing supplier sources, adopting more effective cost control scheme to lower product cost, expanding the product lines, and strengthening sales staff training programs.

Salon and beauty service business

To further diversify the Group's retail business, the Group launched a hair salon with beauty services located in a luxury hotel in Hong Kong in February 2013. The turnover arising from the salon and beauty services business for the six months ended 30 September 2013 was approximately HK\$5.46 million.

However, in light of the continuous loss-making position of the salon and beauty service business since its inception, the Company has decided to sell it at a consideration of HK\$8 million subsequent to 30 September 2013, and 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.

Pharmacy and healthcare products retail business

In November 2012, the Group established a pharmacy store located in Hong Kong. The pharmacy store not only provides pharmaceutical products but also offers a variety of skincare and healthcare products. Turnover from the pharmacy and healthcare products retail business for the period ended 30 September 2013 was approximately HK\$0.18 million. 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.

Luxury goods and accessories retail business

Turnover generated from the luxury goods and accessories retail business for the six months ended 30 September 2013 amounted to HK\$1.53 million (six months ended 30 September 2012: HK\$2.88 million), representing a decrease of approximately 46.88% when compared to the same period in last year. The segment result was a loss of HK\$21.48 million (six months ended 30 September 2012: loss of HK\$7.37 million), representing an increase of approximately 191.45% when compared with the corresponding period of last year. Such increase was attributable to the impairment loss of approximately HK\$15.92 million on aged inventories during the current period.

In view of increasing labour costs, production costs, and rental expenses in Hong Kong and the PRC, the Group will closely monitor the rising trend of operating costs and review the performance of its retail businesses on a regular basis.

Securities trading and investment business

The segment result was a loss of approximately HK\$7.80 million (six months ended 30 September 2012: HK\$3.06 million), representing an increase of approximately 154.72% when compared with the same period of previous year. The increase of loss was mainly attributable to the fair value loss on the listed securities held by the Group. In view of the uncertain economic and financial environment in the stock market, the Group continues to adopt a cautious and conservative approach in the evaluation of the investment portfolio.

SIGNIFICANT SUBSEQUENT EVENT

- (i) On 26 September 2013, the Company announced that it had entered into a placing agreement with a placing agent pursuant to which the placing agent had conditionally agreed with the Company to place 29,783,635 placing shares at a placing price of HK\$0.59 per placing share. The placing has been completed as of the date of the this announcement.

- (ii) On 8 November, 2013, the Company announced that an indirect wholly-owned subsidiary of the Company, had entered into a conditional agreement to dispose 100% interest in Brune Blonde Group Limited at a cash consideration of HK\$8 million. Brune Blonde Group Limited is an investment holding company and its subsidiary operates a hair salon offering salon, beauty and professional nail services to high income customers in Hong Kong.

PLEDGE OF ASSETS

As at 30 September 2013, the Group and the Company had no pledge of assets.

CONTINGENT LIABILITIES

As at 30 September 2013, the Group and the Company had no contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group employed 325 employees excluding directors. The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2013 have not been audited, but have been reviewed by the Company's Audit Committee and the Company's auditor. The Audit Committee is comprised of three independent non-executive directors of the Company. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control, interim and annual results of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 September 2013, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

There will not be a payment of an interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

CORPORATE GOVERNANCE

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "CG Code"). The Board adopted a board diversity policy during the current period. Except the Independent Non-executive Directors were not appointed for a specific term, in the opinion of the Directors, the Company has complied with the code provisions as set out in the CG Code and there have been no material deviations from the CG Code during the six months ended 30 September 2013. However, in accordance with the Provision 84 of the Articles of Association of the Company, 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 at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' transactions in the Company's securities. Following specific enquiry by the Company, all directors confirmed that they have complied with the Model Code during the six months ended 30 September 2013.

PUBLICATION OF FINANCIAL INFORMATION

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

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

Hong Kong, 28 November 2013

As at the date of this announcement, the Board comprises:

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