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TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN HIGH RHINE LIMITED

THE SALE AND PURCHASE AGREEMENT

The Board announces that on 12 December 2013 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the Sale Share at the Consideration.

Immediately after completion of the Disposal, each member of the Target Group will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Group.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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Set out below are the major terms of the Agreement:

Date:

12 December 2013

Parties:

- (a) The Purchaser
- (b) The Vendor

To the best of the Directors' knowledge, information and belief after making all reasonable enquiry, the Purchaser is an independent third party not connected with the Company and its connected persons.

Assets to be disposed of:

The Sale Share, representing the entire issued share capital of the Target Company.

Consideration:

The total consideration payable by the Purchaser for the acquisition of the Sale Share is HK\$1.5 million, which shall be paid by the Purchaser to the Vendor on the Completion Date.

The consideration for the Disposal is arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to the proforma combined net liabilities of the Target Group of approximately HK\$46.7 million as of 30 September 2013.

Conditions of the Agreement:

Completion of the Disposal is conditional upon the fulfilment or waiver (as the case may be) of the following conditions precedent:

- (A) the Purchaser is satisfied with the results of the Due Diligence Review; and
- (B) the warranties and representations in the Agreement remaining true and accurate in all respect and not misleading in any respect at all times from the date of the Agreement up to and including the Completion Date.

The Purchaser may in its absolute discretion waive the above conditions precedent at any time by notice in writing to the Vendor. If any of the conditions precedent has not been fulfilled or waived on or before the Long Stop Date or such later date as may be agreed between the Vendor and the Purchaser, the Agreement shall immediately be terminated whereupon the parties shall have no claim against each other arising out of or in connection with the Agreement save claims arising out of any antecedent breach of the Agreement.

Completion:

Subject to fulfilment or waiver of the conditions precedent, completion shall take place on the Completion Date.

Immediately after completion of the Disposal, each member of the Target Group will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Group.

Information of the Target Group:

The Target Company is a company incorporated in the British Virgin Islands with limited liability, and is an indirect wholly-owned subsidiary of the Company. The Target Group principally engages in watch retail business and sale of crystal gemming service and products in Hong Kong.

Financial information of the Target Group:

Set out below are the unaudited proforma financial information of the Target Group for the year ended 31 March 2013 and 15 months ended 31 March 2012.

	For the year ended 31 March 2013 <i>HK\$' million</i>	For the 15 months ended 31 March 2012 <i>HK\$' million</i>
Turnover	3.7	10.1
Net loss before and after taxation	5.2	7.6
	As at 31 March 2013 <i>HK\$' million</i>	As at 31 March 2012 <i>HK\$' million</i>
Net liabilities	40.6	35.4

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated under the laws of British Virgin Islands with limited liability.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The retail business in Hong Kong has been suffering from the pressure of increasing labour costs and rental expenses in the last two years. The situation is worsened when fewer PRC tourists come to visit Hong Kong and change their destination to Europe and elsewhere. These factors have trimmed the profit margin of retailers, including the Group.

The Target Group recorded a loss of HK\$5.2 million for the year ended 31 March 2013. In view of the unsatisfactory continuing loss-making results of the Target Group hitherto, it is expected to further consume the financial resources of the Group for sustaining its operation as the loss-making position is expected to continue in the foreseeable future. The Directors consider that the Disposal would not only enable the Group to cease financing the loss-making Target Group but also allow the Company, following completion of the Disposal, to use the financial resources of the Group which would otherwise be required in the operation of the Target Group for other business purposes, which are in the interests of the Company and Shareholders as a whole. The net proceeds from the Disposal will be used as general working capital of the Group.

As a preliminary assessment and subject to audit, it is expected that the Group will record a loss of approximately HK\$0.07 million from the Disposal, which is calculated by deducting from the Consideration the aggregate of (i) the proforma combined net liabilities of the Target Group as at 30 September 2013; (ii) capitalizing the shareholder loan advanced from the Group to the Target Company into issued shares of the Target Company; and (iii) the monthly average operating loss of HK\$0.3 million of the Target Group from 1 October 2013 to the expected Completion Date.

The Directors consider that the terms of the Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings in this announcement as follows:

“Agreement”	a conditional sale and purchase agreement dated 12 December 2013 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“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
“Completion Date”	the Business Day following the date of fulfilment or waiver of the conditions precedent as set out in the Agreement, or such other date as the Purchaser and the Vendor may agree in writing
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the amount of HK\$1.5 million in cash
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Vendor to the Purchaser
“Due Diligence Review”	means the financial and legal due diligence review in relation to the business, operations, assets and other aspects of the Group to be conducted by the Purchaser and/or any of its professional advisers or appointed representatives pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	11 January 2014 or such other date as the Purchaser and the Vendor may agree in writing
“PRC”	the People’s Republic of China (excluding for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan)
“Purchaser”	Equal Sky Limited, a company incorporated under the laws of the British Virgin islands with limited liability
“Sale Share”	1 ordinary share of US\$1.00 each, representing the entire issued share capital of the Target Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	High Rhine Limited, a company incorporated in the British Virgin Islands with limited liability, and is indirectly wholly-owned by the Company
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States
“Vendor”	The Sound Chamber Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 12 December 2013

As at the date of this announcement, 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