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TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

**FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2014**

The board (the “**Board**”) of directors (the “**Directors**”) of Tack Fiori International Group Limited (the “**Company**”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2014 together with comparative figures for the year ended 31 March 2013 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2014

(Amounts expressed in Hong Kong dollars)

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> <i>(restated)</i>
Continuing operations			
Turnover	3 & 5	22,469	25,149
Cost of sales		(13,348)	(19,039)
		<hr/>	<hr/>
Gross profit		9,121	6,110
Change in fair value of held-for-trading investments		14,602	(8,676)
		<hr/>	<hr/>
Other income and gain	4	23,723	(2,566)
Selling and distribution costs		17,805	286
Administrative and other operating expenses		(39,339)	(39,936)
Impairment on property, plant and equipment	6	(66,589)	(67,621)
		<hr/>	<hr/>
Loss before taxation	7	(70,535)	(109,837)
Income tax	8	(35)	–
		<hr/>	<hr/>
Loss from continuing operations		(70,570)	(109,837)
Discontinued operations			
Loss from discontinued operations	9	(40,234)	(16,150)
		<hr/>	<hr/>
Loss for the year		(110,804)	(125,987)
		<hr/>	<hr/>
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translations		479	65
Reclassification of translation reserve to profit or loss upon disposal of subsidiaries		169	–
		<hr/>	<hr/>
		648	65
		<hr/>	<hr/>
Total comprehensive expense for the year		(110,156)	(125,922)
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000 <i>(restated)</i>
Loss for the year attributable to:			
Owners of the Company			
— Continuing operations		(70,570)	(109,837)
— Discontinued operations		(40,234)	(16,150)
		<u>(110,804)</u>	<u>(125,987)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company			
— Continuing operations		(69,975)	(109,701)
— Discontinued operations		(40,181)	(16,221)
		<u>(110,156)</u>	<u>(125,922)</u>
LOSS PER SHARE	<i>10</i>		
From continuing and discontinued operations			
— Basis and diluted (HK cents)		<u>(6.50)</u>	<u>(15.41)</u>
From continuing operations			
— Basic and diluted (HK cents)		<u>(4.14)</u>	<u>(13.43)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

(Amounts expressed in Hong Kong dollars)

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,220	40,093
Trademark		2,188	2,313
Rental deposits		1,223	6,334
		4,631	48,740
Current assets			
Inventories		20,767	35,217
Trade and other receivables	<i>12</i>	6,888	11,930
Held-for-trading investments	<i>13</i>	–	29,480
Bank balances and cash		134,515	52,257
		162,170	128,884
Current liabilities			
Trade and other payables	<i>14(a)</i>	12,696	35,218
Provision	<i>14(b)</i>	5,531	–
		18,227	35,218
Net current assets		143,943	93,666
Net assets		148,574	142,406
Capital and reserves			
Share capital	<i>15</i>	21,444	11,455
Reserves		127,130	130,951
Total equity attributable to owners of the Company		148,574	142,406

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL AND BASIS OF PREPARATION

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

The Company is principally engaged in investment holding. The Company and its subsidiaries (the “**Group**”) are principally engaged in apparel retail business in the People’s Republic of China (the “**PRC**”) and securities trading and investments business in Hong Kong.

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

The Group had discontinued (i) the luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare product retails business in the current year (see notes 9 and 16). The presentation of continuing operations and discontinued operations in the current year has resulted in a re-presentation of the corresponding comparative figures shown for the consolidated statement of profit or loss and other comprehensive income and related notes to the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, and HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements 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 Hong Kong Financial Reporting Standard (“**HKFRS**”) 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of Hong Kong Accounting Standard (“**HKAS**”) 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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.

HKFRS 13 requires prospective application. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 11 HKFRS 9	Accounting for acquisition of interests in joint operations ⁶
HKFRS 14	Financial instruments ³
Amendments to HKAS 16 and HKAS 38	Regulatory Deferral Accounts ⁵
Amendments to HKAS 19	Clarification of acceptable methods of depreciation and amortisation ⁶
Amendments to HKAS 32	Defined benefit plans: employees contributions ²
Amendments to HKAS 36	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 39	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKFRSs	Novation of derivatives and continuation of hedge accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ⁴
HK(IFRIC)-INT 21	Annual Improvements to HKFRSs 2011–2013 Cycle ²
	Levies ¹

¹ Effective for accounting periods beginning on or after 1 January 2014.

² Effective for accounting periods beginning on or after 1 July 2014.

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Based on the Group's financial instruments as at 31 March 2014, the directors anticipate that the adoption of HKFRS 9 in the future will have no significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities

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

3. TURNOVER

Continuing operations

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales of goods from apparel retail business	<u>22,469</u>	<u>25,149</u>

4. OTHER INCOME AND GAIN

Continuing operations

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest income	7	123
Write back of trade and other payables (<i>note</i>)	17,321	–
Others	477	163
	<u>17,805</u>	<u>286</u>

Note: Certain trade and other payables of approximately HK\$17,321,000 due to certain creditors located in the PRC were outstanding for a long period of time and the creditors had not demand for repayment of these contractual debts since then. During the year ended 31 March 2014, the management had revisited the Group's obligation on these long outstanding trade and other payables. Based on the opinion from an independent legal adviser of the Group, the rights of the creditor to demand repayment of such long outstanding contractual debts had been expired according to the relevant law and regulation in the PRC. Accordingly, the Group's obligation in relation to these contractual debts had been expired and the management write off such trade and other payables and credit to the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2014.

5. SEGMENT INFORMATION

HKFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("CODM") in order to allocate resources to the segment and to assess its performance. Relevant information was reported to the executive directors of the Company, being the CODM, for the purposes of resource allocation and assessment of segment performance focusing on types of goods or services delivered or provided.

In previous year, the Group reported its segment information based on five reportable and operating segments as follows:

- (i) Apparel retail business
- (ii) Luxury goods and accessories retail business
- (iii) Salon and beauty service business
- (iv) Pharmacy and healthcare product retail business
- (v) Securities trading and investments

During the year ended 31 March 2014, operations regarding (i) the luxury goods and accessories retail business; (ii) salon and beauty service business; and (iii) pharmacy and healthcare product retail business were discontinued as a result of disposal of subsidiaries (details are set out in notes 9 and 16). The segment information reported below does not include any figures for these discontinued operations.

The Group is now organised into the following two major operating segments for its continuing operations, each of which represents an operating and reportable segment of the Group:

- (i) Apparel retail business
- (ii) Securities trading and investments

Segment revenues and results

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

For the year ended 31 March 2014

Continuing operations

	Apparel retail business HK\$'000	Securities trading and investments HK\$'000	Total HK\$'000
Gross proceeds from disposal of held-for-trading investments	–	94,798	94,798
Segment revenue	34,494	–	34,494
Intra-segment revenue	(12,025)	–	(12,025)
Consolidated revenue	22,469	–	22,469
Change in fair value of held-for-trading investments, included in segment result	–	14,602	14,602
Segment result	(63,867)	8,856	(55,011)
Unallocated corporate expenses			(33,329)
Other income and gain			17,805
Loss before taxation			(70,535)

For the year ended 31 March 2013

Continuing operations

	Apparel retail business <i>HK\$'000</i>	Securities trading and investments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Gross proceeds from disposal of held-for-trading investments	–	4,451	4,451
Segment revenue	37,041	–	37,041
Intra-segment revenue	(11,892)	–	(11,892)
Consolidated revenue	25,149	–	25,149
Change in fair value of held-for-trading investments, included in segment result	–	(8,676)	(8,676)
Segment result	(58,344)	(8,826)	(67,170)
Unallocated corporate expenses			(42,953)
Other income and gain			286
Loss before taxation			(109,837)

Segment (loss) profit represents the loss/profit resulted in each segment without allocation of other income and gain and corporate expenses. This is the measure reporting to the Group's CODM for the purposes of resource allocation and performance assessment.

Intra-segment revenue are charged at agreed terms set out in the sales invoices or agreements entered into between group companies.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's turnover from external customers from continuing operations is presented based on the location at which the goods or services are delivered or provided:

	Revenue from external customers from continuing operations	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	22,469	25,149

Information about major customers

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

6. IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT

At the end of the reporting period, in view of the operating loss resulted from the apparel retail business, the management of the Group had performed a detail review of the property, plant and equipment of the apparel retail business. The recoverable amount of these property, plant and equipment determined based on discounted cash flow method is lower than their carrying amount and thus an impairment loss on property, plant and equipment of approximately HK\$6,135,000 was made on the plant and equipment of the apparel retail business during the current year.

7. LOSS BEFORE TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Loss before taxation from continuing operations has been arrived at after charging:		
Staff costs		
Directors' emoluments		
— fees and other emoluments	5,622	7,204
Other staff costs		
— salaries, allowances and bonus	22,318	23,689
— retirement benefits scheme contributions	4,754	4,513
— share-based payments included in administrative expenses	4,820	8,959
	37,514	44,365
Cost of inventories recognised as expenses	14,118	18,289
Depreciation of property, plant and equipment	4,825	5,654
Amortisation for trademark	125	125
Auditor's remuneration	2,083	2,034
Loss on disposal of property, plant and equipment	4,199	401
Operating lease rental on premises	22,025	20,446
Provision on onerous contracts (included in administrative and other operating expenses)	5,531	—
(Reversal of)/allowance for inventories (included in cost of sales) (<i>note</i>)	(770)	750
Write-off of deposits	150	1,479
	141,118	141,118

Note: During the year ended 31 March 2014, certain slow moving inventories of apparel retail business, which were previously written down, were sold and thus reversal of allowance for inventories was recognised in the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. For the year ended 31 March 2014, income tax from continuing operations represent underprovision of Hong Kong Profits Tax.

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

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

9. DISCONTINUED OPERATIONS

During the year ended 31 March 2014, the Group disposed of its 100% equity interests in subsidiaries engaged in (i) luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare product retail business.

Accordingly, the Group's (i) luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare product retail business are treated as discontinued operations.

The results of and loss from the discontinued operations for the period from 1 April 2013 to respective dates of disposal of subsidiaries and for the year ended 31 March 2013 are analysed as follows:

	For the period from 1 April 2013 to respective dates of disposal of subsidiaries HK\$'000	For the year ended 31 March 2013 HK\$'000
Revenue	9,925	8,190
Cost of sales and services	(4,798)	(3,978)
Other income, other gains and losses	1	2,202
Selling and distribution costs	(17,637)	(17,764)
Administrative expenses	(2,367)	(4,800)
Impairment on property, plant and equipment	(8,988)	–
Impairment on inventories	(15,768)	–
	<hr/>	<hr/>
Loss before taxation	(39,632)	(16,150)
Income tax expense	–	–
	<hr/>	<hr/>
Loss for the period/year	(39,632)	(16,150)
Net loss on disposal of subsidiaries (<i>Note 16</i>)	(602)	–
	<hr/>	<hr/>
	(40,234)	(16,150)
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Loss for the period/year from discontinued operations included the following:

	For the period from 1 April 2013 to respective dates of disposal of subsidiaries HK\$'000	For the year ended 31 March 2013 HK\$'000
Other staff costs		
— salaries, allowances and bonus	3,779	4,010
— retirement benefit scheme contributions	155	174
	3,934	4,184
Cost of inventories recognised as expenses	1,796	3,376
Depreciation of property, plant and equipment	2,397	1,829
Auditor's remuneration	8	15
Loss on disposal of property, plant and equipment	3,014	15
Operating lease rental on premises	5,645	6,416
Reversal of allowance for inventories (included in cost of sales and services) (<i>note</i>)	—	(254)
	<u> </u>	<u> </u>

Note: During the year ended 31 March 2013, certain slow moving inventories of luxury goods and accessories retail business, which were previously written down, were sold and thus reversal of allowance for inventories was recognised in the consolidated statement of profit or loss and other comprehensive income.

The carrying amount of the assets and liabilities of the discontinued operations at respective dates of disposal are disclosed in note 16.

10. LOSS PER SHARE

For continuing and discontinued operations

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

	2014 HK\$'000	2013 HK\$'000
Loss for the purpose of basic and diluted loss per share	(110,804)	(125,987)
	<u> </u>	<u> </u>

2014 '000	2013 '000 (restated)

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note</i>)	1,703,611	817,713
	<u> </u>	<u> </u>

Note: The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 March 2014 and 2013 has been adjusted for the share subdivision on 4 June 2014 as disclosed in note 19 "Event After the Reporting Period".

From continuing operations

Basic loss per share from continuing operations attributable to the owners of the Company is calculated based on the loss for the year attributable to owners of the Company from continuing operations of HK\$70,570,000 (2013: HK\$109,837,000) and the denominators detailed above for basic earnings per share.

From discontinued operations

Basic loss per share from discontinued operations is HK2.36 cents per share (2013: HK1.98 cents per share), based on the loss for the year from discontinued operations of HK\$40,234,000 (2013: HK\$16,150,000) and the denominators detailed above for basic loss per share.

The computation of diluted loss per share for the year ended 31 March 2014 and 2013 does not assume the exercise of the Company's share options because the exercise price of those outstanding options during the period was higher than the average market price of shares for the years ended 31 March 2014 and 2013.

11. DIVIDEND

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

12. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	2,376	6,080
Other receivables (<i>note a</i>)	4,512	5,850
	<hr/>	<hr/>
Total trade and other receivables	6,888	11,930
	<hr/> <hr/>	<hr/> <hr/>

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 90 days	2,019	5,378
91–180 days	197	339
181–365 days	99	315
Over 1 year	61	48
	<hr/>	<hr/>
	2,376	6,080
	<hr/> <hr/>	<hr/> <hr/>

Note a: Included in other receivables were trade deposits for purchasing apparel products amounted to HK\$655,000 (2013: HK\$1,233,000).

13. HELD-FOR-TRADING INVESTMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Held-for-trading investments include:		
Equity securities listed in Hong Kong	–	29,480

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

14(a). TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	–	4,842
Other payables and accruals	12,696	30,376
Total trade and other payables	12,696	35,218

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 90 days	–	137
91–180 days	–	–
181–365 days	–	66
Over 365 days	–	4,639
	–	4,842

14(b). PROVISION

Amount represents the provision on onerous operating lease contracts in relation to the retail shops of the apparel retail business. Management considers the unavoidable costs of meeting the obligation under such lease contracts exceed the economic benefits expected to be received under such lease contracts.

15. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 1 April 2012	5,000,000	500,000
Share consolidation (<i>Note a</i>)	(4,000,000)	–
Share subdivision (<i>Note a</i>)	49,000,000	–
Share consolidation (<i>Note e</i>)	(45,000,000)	–
	<u>5,000,000</u>	<u>500,000</u>
Ordinary shares of HK\$0.1 each at 31 March 2013 and 31 March 2014	<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 1 April 2012	3,182,013	318,201
Share consolidation (<i>Note a</i>)	(2,545,611)	–
Capital reduction (<i>Note a</i>)	–	(311,837)
Issue of shares under rights issue (<i>Note b</i>)	318,201	3,182
Issue of shares under placement (<i>Note c</i>)	127,280	1,273
Issue of shares upon exercise of share options (<i>Note d</i>)	63,640	636
Share consolidation (<i>Note e</i>)	(1,030,971)	–
	<u>114,552</u>	<u>11,455</u>
Ordinary shares of HK\$0.1 each at 31 March 2013	114,552	11,455
Issue of shares upon exercise of share options (<i>Note f</i>)	11,455	1,145
Issue of shares under placement (<i>Note g</i>)	88,434	8,844
	<u>214,441</u>	<u>21,444</u>
Ordinary shares of HK\$0.1 each at 31 March 2014	<u>214,441</u>	<u>21,444</u>

Notes:

- (a) On 23 August 2012, the Group effected a capital reorganisation which involved the followings:
- Share consolidation that every 5 issued and unissued ordinary shares of HK\$0.10 each be consolidated into 1 consolidated share of HK\$0.50 each;
 - Capital reduction that paid-up capital of the consolidated shares be cancelled to the extent of HK\$0.49 per consolidated share so as to form a new share of HK\$0.01 each;
 - Share subdivision that the authorised but unissued consolidated shares of HK\$0.50 each be subdivided into 50 shares of HK\$0.01 each; and
 - Transfer of the entire amount of the credit arising from the capital reduction to accumulated losses of the Company amounted to approximately HK\$311,837,000.
- (b) On 7 December 2012, 318,201,240 rights shares of HK\$0.01 each were issued on the basis of one rights share for every two existing shares held on 15 November 2012 at subscription price of HK\$0.25 per rights share.
- (c) On 3 January 2013, 127,280,496 ordinary shares of HK\$0.01 each were issued at placing price of HK\$0.085 per share through a placing agent pursuant to a placing agreement dated 20 December 2012.
- (d) During the year ended 31 March 2013, 63,640,248 share options of HK\$0.01 each were exercised at exercise price of HK\$0.105.

- (e) On 31 January 2013, the Company effected a share consolidation that every 10 issued and unissued ordinary shares of HK\$0.01 each be consolidated into 1 consolidated share of HK\$0.1 each.
- (f) On 19 April 2013, 11,455,244 shares of HK\$0.1 each were issued upon the exercise of share options at exercise price of HK\$ 0.644 per share.
- (g) On 7 May 2013, 9 October 2013 and 20 December 2013, 22,910,489, 29,783,635 and 35,740,362 ordinary shares of HK\$0.1 each were issued at placing price of HK\$0.54, HK\$0.59 and HK\$2.16 per share through placing agents pursuant to placing agreements dated 18 April 2013, 26 September 2013 and 9 December 2013, respectively.

16. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries engaged in salon and beauty services business

On 8 November 2013, the Group entered into a conditional sale and purchase agreement with an independent third party, to dispose of 100% equity interest in Brune Blonde Limited and its subsidiary, at a cash consideration of HK\$8,000,000. Upon the completion of such disposal on 29 November 2013, Brune Blonde Limited and its wholly owned subsidiary ceased to be subsidiaries of the Group.

The assets and liabilities of Brune Blonde Limited and its subsidiary at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	6,985
Inventories	302
Trade and other receivables	1,532
Bank balances and cash	447
Trade and other payables	(1,490)
	<hr/>
Net assets disposed of	7,776
Gain on disposal	224
	<hr/>
Total consideration satisfied by cash	8,000
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	8,000
Bank balances and cash disposed of	(447)
	<hr/>
	7,553
	<hr/> <hr/>

(b) Disposal of subsidiaries engaged in luxury goods and accessories retail business

- (i) On 3 December 2013, the Group disposed of 100% equity interest in Sound Chamber Limited and its subsidiaries, to an independent third party at a cash consideration of HK\$2,000,000. Upon the completion of such disposal, Sound Chamber Limited and its wholly owned subsidiaries ceased to be subsidiaries of the Group.

The assets and liabilities of Sound Chamber Limited and its subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Inventories	781
Trade and other receivables	1,243
Bank balances and cash	342
Trade and other payables	<u>(158)</u>
Net assets disposed of	2,208
Release of translation reserve upon disposal of subsidiaries	169
Loss on disposal	<u>(377)</u>
Total consideration satisfied by cash	<u><u>2,000</u></u>
Net cash inflow arising on disposal:	
Cash consideration received	2,000
Bank balances and cash disposed of	<u>(342)</u>
	<u><u>1,658</u></u>

- (ii) On 12 December 2013, the Group entered into a conditional sale and purchase agreement with an independent third party, to dispose of 100% equity interest in High Rhine Limited and its subsidiaries, at a cash consideration of HK\$1,500,000. Upon the completion of such disposal on 30 December 2013, High Rhine Limited and its wholly owned subsidiaries ceased to be subsidiaries of the Group. On 28 January 2014, the Group also disposed of Gilderton Limited at a cash consideration of HK\$10,000 and accordingly Gilderton Limited ceased to be a subsidiary of the Group.

The assets and liabilities of High Rhine Limited and its subsidiaries and Gilderton Limited at the respective dates of disposals were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	406
Trade and other receivables	1,095
Bank balances and cash	706
Trade and other payables	(191)
	<hr/>
Net assets disposed of	2,016
Loss on disposal	(506)
	<hr/>
Total consideration satisfied by cash	1,510
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	1,510
Bank balances and cash disposed of	(706)
	<hr/>
	804
	<hr/> <hr/>

(c) Disposal of subsidiaries engaged in pharmacy and healthcare product retail business

On 9 January 2014, the Group disposed of 100% equity interest in King Delight Limited and its wholly owned subsidiary to an independent third party at a cash consideration of HK\$800,000. Upon the completion of such disposal, King Delight Limited and its wholly owned subsidiary ceased to be subsidiaries of the Group.

The assets and liabilities of King Delight Limited and its subsidiary at the date of disposal were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	148
Inventories	239
Trade and other receivables	149
Bank balances and cash	412
Trade and other payables	(205)
	<hr/>
Net assets disposed of	743
Gain on disposal	57
	<hr/>
Total consideration satisfied by cash	800
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration received	800
Bank balances and cash disposed of	(412)
	<hr/>
	388
	<hr/> <hr/>

The impact of the disposed subsidiaries engaged in (i) luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare products retail business on the Group's results in the current period and prior year is disclosed in note 9.

17. PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group and the Company have no pledge of assets and contingent liabilities as at 31 March 2014 and 2013.

18. SHARE-BASED PAYMENTS

Equity-settled share option scheme

On 11 April 2002, the Company adopted a share option scheme (the “**Old Scheme**”) for the primary purpose of providing incentives to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers to the Group (“**Participants**”) who the board of directors consider, in its sole discretion, have contributed or shall contribute to the Group. The Old Scheme shall be valid and effective for a period of 10 years commencing on 11 April 2002. Under the Old Scheme, the board of directors of the Company may grant options to the Participants to subscribe for shares in the Company.

On 18 September 2012, the Company adopted a new share option scheme (the “**New Scheme**”) with effective periods of 10 years commencing on 18 September 2012 and the Old Scheme was expired on 10 April 2012. The principal terms of the New Scheme are similar 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	Original exercise price	Adjusted exercise price after the capital reorganisation on 23 August 2012 <i>(Note 1)</i>	Adjusted exercise price after the share consolidation on 31 January 2013 <i>(Note 2)</i>
Old Scheme	16.1.2012	16.1.2012–15.7.2013	16.7.2013–15.1.2015	HK\$0.1	HK\$0.5	HK\$5
New Scheme	14.1.2013	14.1.2013	14.1.2013–13.1.2023	HK\$0.105	N/A	N/A*
	19.4.2013	19.4.2013	19.4.2013–18.4.2023	HK\$0.644	N/A	N/A

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

The following table discloses movement of the Company's share options during the year ended 31 March 2013 and 31 March 2014:

	Number of share options				Outstanding at 31.3.2014 '000
	Outstanding at 1.4.2013 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year (Note c) '000	
Old Scheme					
Directors	1,400	–	–	(1,400)	–
Consultants	4,400	–	–	(4,400)	–
Employees	200	–	–	(200)	–
	6,000	–	–	(6,000)	–
New Scheme					
Consultants	–	11,455	(11,455)	–	–
	6,000	11,455	(11,455)	(6,000)	–
Exercisable at 31 March 2014					–

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

Notes:

- (a) On 23 August 2012, the exercise price of the share options was adjusted from HK\$0.10 per share to HK\$0.50 per share as a result of the capital reorganisation as disclosed in note 15. Accordingly, the total number of share options granted was adjusted from 300,000,000 shares to 60,000,000 shares.
- (b) On 31 January 2013, the exercise price was adjusted from HK\$0.5 per share to HK\$5 per share as a result of the share consolidation as disclosed in note 15. Accordingly, the total number of share options granted was adjusted from 60,000,000 to 6,000,000.
- (c) According to the terms of the Old Scheme, the share options were lapsed upon the resignation of directors and employees of the Group or Participants. As the directors, employees and consultants who held share options under the Old Scheme resigned from their respective position during the year, their outstanding share options lapsed accordingly on their respective resignation dates.

In respect of share options exercised during the year ended 31 March 2014, the weighted average share price at the dates of exercise is HK\$0.63 (2013: HK\$1.01 (adjusted by share consolidation)) per share.

During the year ended 31 March 2014, 11,455,244 (2013: 63,640,248) options were granted and vested on 19 April 2013 (2013: granted and vested on 14 January 2013). The estimated fair value of the options granted and vested on 19 April 2013 (2013: granted and vested on 14 January 2013) is approximately 2,947,000 (2013: HK\$2,571,000), which was fully recognised as share option expenses in the consolidated statement of profit or loss and other comprehensive income during the year. The Group recognised the total share option expense of HK\$5,390,000 for the year ended 31 March 2014 (2013: HK\$10,903,000) in relation to the share options granted.

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

Grant date stock 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%

The fair value of share options granted on 14 January 2013 was calculated using the Method. The inputs into the Method were as follows:

Grant date share price	HK\$0.104
Exercise price	HK\$0.105
Expected volatility	51.27%
Expected life	3.78 years
Risk-free rate	0.8222%
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 behavioural considerations.

Note: The above weighted average share price and grant date share price have not adjusted by the share subdivision of the Company on 4 June 2014.

19. EVENT AFTER THE REPORTING PERIOD

On 4 June 2014, the Company effected a share subdivision that subdivide each existing issued and authorised but unissued share of the Company of HK\$0.10 each into ten shares of the Company of HK\$0.01 each.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For year ended 31 March 2014, the Group recorded a turnover of approximately HK\$22.47 million (year ended 31 March 2013: HK\$25.15 million), representing a decrease of approximately 10.66% as compared to the last year. The loss attributable to owners of the Company for the year ended 31 March 2014 amounted to approximately HK\$110.8 million (year ended 31 March 2013: HK\$125.99 million). Loss per share from continuing and discontinued operations for the year ended 31 March 2014 was approximately HK6.50 cents as compared with loss per share of approximately HK15.41 cents for the last year. The Group's overall gross profit margin from continuing operations was 40.59% (year ended 31 March 2013: 24.30%). Such increase was mainly due to effective pricing strategies carried out during the year.

BUSINESS REVIEW

Continuing operations

Apparel retail business

Turnover of the apparel retail business amounted to HK\$22.47 million (year ended 31 March 2013: HK\$25.15 million), representing a decrease of 10.66% as compared with the last year and accounting for 100% of the Group's turnover from continuing operation for both years. As for segment results, that of the apparel retail business recorded a loss of HK\$63.87 million, representing an increase of 9.47% as compared with HK\$58.34 million of last year. Such increase was primarily related to the impairment on property, plant and equipment and provision for onerous lease contract recorded during the year.

Securities trading and investment

During the year, the Group was able to capture on opportunities arising from successful execution of our investment strategy. The Group performed favourably in the local stock market, change in fair value of held-for-trading investments amounted to a gain of HK\$14,602,000 (2013: a loss of HK\$8,676,000) were recognized in the consolidated statement of profit and loss and other comprehensive income. As for segment result, that of the securities trading and investment recorded a profit of HK\$8,856,000 (2013: a loss of HK\$8,826,000).

Discontinued operations

During the year, the Group disposed of its 100% equity interest in the subsidiaries engaged in (i) luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare products retail business. In view of the unsatisfactory continuing loss-making results of those discontinued operations, it is expected to further consume the financial resources of the Group for sustaining these operations as the loss-making position is expected to continue in the foreseeable future. The Directors consider that the disposals would not only enable the Group to cease financing the loss-making operations but also allow the Company, following completion of the disposals, to use the financial resources of the Group which would otherwise be required in the discontinued operations for other business purposes, which are in the interests of the Company and shareholders as a whole.

Accordingly, the operations of (i) luxury goods and accessories retail business; (ii) salon and beauty services business; and (iii) pharmacy and healthcare products retail business were treated as discontinued operations in the consolidated financial statements of the Group for the year ended 31 March 2014.

PROSPECTS

Apparel retail business

As mentioned in the Company's announcement dated 25 March 2014, the Board intends to close down those existing loss-making shops and retail outlets of the Group's apparel business and develop e-commerce as other sales channel for the Group's apparel business. The Group is expected to achieve cost saving, include rent and staff costs, from the closing down of those loss-making shops and retail outlets in PRC. On the other hand, the Group will evaluate the performance of the deployment of the e-commerce platform as sales channel to its apparel business. The Board is of the view that the cost saving from close down the existing loss-making shop and retail outlets and the change in focus of sales channel of the Group's apparel business is in the best interest of the Company and shareholders as a whole.

The Group intends to close down the loss-making shops and retail outlets gradually upon the expiry of their existing tenancy agreements and eventually maintain about 5 shops and retail outlets in major cities, including Beijing, Xian, Shenzhen and Chengdu, in the PRC. As at 31 March 2014, the Group had 35 shops and retail outlets in the PRC. The Group closed down 19 shops and retail outlets in the PRC since April 2014 and currently has 16 shops and retail outlets in the PRC.

PROPOSED ACQUISITION

Pursuant to the Company's announcement dated 10 June 2014, the Company entered into a non-legally binding memorandum of understandings with the vendor, in respect of the proposed acquisition of 100% equity interest in China Education Media Limited at no more than HK\$60 million ("**Proposed Acquisition**"). China Education Media Limited and its subsidiary is mainly engaged in the businesses of development and promotion of education software and website infrastructure for education course. The Company wishes to emphasise that the Proposed Acquisition are subject to, among other things, the signing of the formal sale and purchase agreement, the terms and conditions of which are yet to be agreed. Further announcement in respect of the Proposed Acquisition will be made by the Company in the event when any formal sale and purchase agreement has been signed.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2014, the Group has no bank and other borrowings. As at 31 March 2014, the Group's current assets and current liabilities were HK\$162.17 million and HK\$18.23 million respectively. The Group's current ratio has been increased to 8.90 times (31 March 2013: 3.66 times).

On 19 April 2013, 11,455,244 shares of HK\$0.1 each were issued upon the exercise of share options at exercise price of HK\$ 0.644 per share.

On 7 May 2013, 9 October 2013 and 20 December 2013, 22,910,489, 29,783,635 and 35,740,362 ordinary shares of HK\$0.1 each were issued at placing price of HK\$0.54, HK\$0.59 and HK\$2.16 per share through placing agents pursuant to placing agreements dated 18 April 2013, 26 September 2013 and 9 December 2013, respectively.

CAPITAL EXPENDITURE COMMITMENTS

As of 31 March 2014, the Group had no material capital expenditure commitments.

PLEDGE OF ASSETS

As of 31 March 2014, the Group had no pledge of assets.

CONTINGENT LIABILITIES

As of 31 March 2014, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group had 215 full-time employees excluding directors (2013: 364 full-time employees).

The Group offers an attractive remuneration policy and provides training programmes which are complementary to certain job functions. Total staff cost for employees (including the directors' remuneration) was HK\$41.4 million for the year (2013: HK\$48.5 million). The decrease in total remuneration of the employees was mainly due to the decrease in the number of employees.

AUDIT COMMITTEE

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

The Company's annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2014 as set out in the preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

CORPORATE GOVERNANCE

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

Details of the Company's compliance with the provisions of the CG Code during the year will be set out in the Corporate Governance Report in the Company's Annual Report 2014.

DIRECTORS' SECURITIES TRANSACTIONS

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

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the web sites of the Stock Exchange (www.hkex.com.hk) and the Company (www.tackfiori.com). The Group's Annual Report 2014 will be despatched to the shareholders of the Company and available on the above web sites in due course.

By Order of the Board
TACK FIORI INTERNATIONAL GROUP LIMITED
Wang Liang
Executive Director

Hong Kong, 27 June 2014

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

Executive Directors:

Mr. Chan Chak Kai, Kenneth
Mr. Wang Liang
Mr. Zhang Bao Yuan
Mr. Huang Limin

Independent Non-Executive Directors:

Dr. Leung Shiu Ki, Albert
Mr. Robert James Iaia II
Mr. Yau Yan Ming, Raymond
Mr. Lau Yu