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## **TACK FIORI INTERNATIONAL GROUP LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 928)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF PROPOSED TRANSACTION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

#### **MEMORANDUM OF UNDERSTANDING**

The Board announces that after the trading hours on 18 December 2014, the Company entered into a non-legally binding MOU with the Vendors. The MOU contains certain understandings and principles regarding the Proposed Transaction at a consideration between US\$570 million to US\$630 million (equivalent to HK\$4,446 million to HK\$4,914 million), payable by way of the issue of New Shares of the Company. No payment is required to be made by the Company upon the signing of the MOU. If the Proposed Transaction materialises, it may constitute a very substantial acquisition under the Listing Rules. Moreover, to the extent that the New Shares to be allotted and issued by the Company will result in the Vendors and parties acting in concert with them holding 30% or more of the voting rights of the Company, the Vendors would be required to make a mandatory offer to the shareholders of the Company in accordance with Rule 26.1 of the Takeovers Code. Based on the understanding of the Company from the Vendors, the Vendors intend to apply for the Whitewash Waiver as and when appropriate.

**The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Definitive Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. The Company will comply with the relevant disclosure and/or shareholders' approval requirements under the Takeovers Code and/or the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and other securities of the Company.**

This announcement is made by Tack Fiori International Group Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

The board (the “Board”) of directors (the “Directors”) of the Company announces that after the trading hours on 18 December 2014, the Company as the purchaser entered into a non-legally binding memorandum of understanding (the “MOU”) with the Vendors (as defined below). The MOU contains certain understandings and principles regarding the proposed purchase by the Company and sale by the Vendors (as defined below) of the entire issued share capital of FL Mobile Inc. (the “Target Company”), whose subsidiaries are principally engaged in the businesses of mobile game publishing and operation in the People’s Republic of China (“PRC”) at a consideration between US\$570 million to US\$630 million (equivalent to between HK\$4,446 million to HK\$4,914 million) (the “Proposed Transaction”). No payment is required to be made by the Company upon the signing of the MOU.

## **MEMORANDUM OF UNDERSTANDING**

The non-legally binding MOU contains, inter alia, the following major terms:

**Date:** 18 December 2014

- Parties:**
- (a) the Company, as the Purchaser
  - (b) NQ Mobile Inc., as the Vendor, a business company organized in the Cayman Islands whose shares are listed on the New York Stock Exchange;
  - (c) Bison Mobile Limited, as the Vendor, a company incorporated under the laws of the Republic of Seychelles;
  - (d) Prosnay Mobile Investment, as the Vendor, a company organized in the Cayman Islands;
  - (e) Zhou Jing, as the Vendor, an individual with a PRC passport;
  - (f) Camaxx International Trade Company Limited, as the Vendor, a company organized under the laws of Hong Kong; and
  - (g) Treasure Getter Limited, as the Vendor, a company organized under the laws of the Republic of Seychelles,

collectively referred as to the Vendors. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners(s), are third parties independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules).

## **The Proposed Transaction**

Pursuant to the MOU, the Company intends to acquire and the Vendors intend to sell the entire issued share capital of the Target Company (the “Sales Shares”), whose subsidiaries are principally engaged in the businesses of mobile game publishing and operation in the PRC.

## **Consideration**

The consideration of the Sale Shares payable by the Company shall be between US\$570 million to US\$630 million (equivalent to between HK\$4,446 million to HK\$4,914 million) (the “Consideration”). The Consideration will be settled by way of the issue of the new shares of the Company (the “New Shares”). The Company intends to allot and issue such number of New Shares to the Vendors and/or their designees at an issue price per New Share which represents a discount of 10% to 20% to the average closing price per share of the Company as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the day immediately prior to the date of the MOU. The number of New Shares to be allotted and issued to the Vendors will be finalized in the formal sale and purchase agreement which may or may not be entered into by the Company and the Vendors in relation to the Proposed Transaction (the “Definitive Agreement”). Additionally, the Company will assume all liabilities of the Target Company upon completion of the Proposed Transaction. It is currently envisaged that, following the completion of the Proposed Transaction, the Vendors collectively will become the controlling and/or the single largest shareholder of the Company. Based on the understanding of the Company from the Vendors, the Vendors intend to apply for a waiver from the Securities and Futures Commission (the “SFC”) in respect of their obligations to extend a general offer to the shareholders of the Company as a result of the issue of New Shares in accordance with Note 1 of the Notes on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers and Share Buybacks (the “Takeover Code”) (the “Whitewash Waiver”) as and when appropriate.

The Directors consider that the Consideration is for indicative purpose only, which is subject to further due diligence and valuation of the businesses of the Target Company and its subsidiaries (the “Target Group”) by an independent valuer. The Consideration has yet to be finalised and may deviate from that set out in the MOU.

## **Conditions precedent**

Completion of the Proposed Transaction (the “Closing”) shall be conditional, upon, *inter alia*, the following:

- Approval by the shareholders of the Company at an extraordinary general meeting to be convened for matters including but not limited to the following:
  - a. the Proposed Transaction;
  - b. the allotment and issuance of the New Shares;
  - c. the appointment of the new directors proposed by the Vendors;

- d. if necessary, allotment and issuance of such number of new ordinary shares to comply with the public float and shareholding spread requirements of the Listing Rules following the Closing; and
- The granting of the Whitewash Waiver by the SFC;
  - Satisfactory financial, business and legal due diligence on the Target Group by the Company;
  - A satisfactory independent valuation report on the Target Group;
  - Satisfactory due diligence on the Company by the Vendors;
  - No material adverse changes to the Company or the Target Group's financial conditions or operations;
  - Approval of the respective board of directors of the Vendors, if applicable, and the Company for the Proposed Transaction;
  - The listing committee of the Stock Exchange granting the listing of and permission to deal in the New Shares; and
  - All necessary third parties, governmental and regulatory consents, approvals and waivers (whether in the U.S., Hong Kong and any other applicable jurisdiction) where required for the transaction contemplated in the MOU having been obtained, and such consents, approvals and waivers not having been amended or revoked before the Closing.

The Company expects that the granting of the Whitewash Waiver will be a condition precedent of the Proposed Transaction which cannot be waived by the Vendors and the Company.

#### **INFORMATION ABOUT THE TARGET GROUP AND REASONS FOR THE PROPOSED TRANSACTION**

The Company and its subsidiaries (the "Group") are principally engaged in (i) apparel retail business in the PRC; (ii) securities trading and investment; and (iii) development and sales of education software products and provision of technical support services in the PRC.

The Target Company is organized in the Cayman Islands and wholly-owned by the Vendors. The Target Group comprises the Target Company and its subsidiaries which is principally engaged in the businesses of mobile game publishing and operation in the PRC.

According to the information provided by the Vendors, the Target Group is a global premier mobile game publisher and operator, with the mobile interest-based community platform that engages users in real-time mobile online activities. The Target Group had over 106 million registered users and 20.40 million monthly active users as at 31 December 2013. The Target Group is also one of the top iOS mobile game publishers and operators in the PRC market.

It has published top ranking games, including 《攻城掠地》(Conquerer\*), 《啪啪三国》(PaPa! War of Three Kingdoms\*) , 《龙骑战歌》(Dragon Song\*), 《三国战神》(Soul Sword\*), and 《冠军11人》(Chain Eleven\*) etc.

The Directors consider that the Proposed Transaction, if materialised, will represent a good opportunity for the Group to diversify its business and develop new revenue streams, in addition, the products and services of the Target Group will offer synergy effect to the Group's existing business. The Directors are of the view that the entering into of the MOU is in the interests of the Company and its shareholders as a whole.

If the Proposed Transaction materialises, it may constitute a very substantial acquisition under the Listing Rules. Moreover, to the extent that the New Shares to be allotted and issued by the Company will result in the Vendors and parties acting in concert with them holding 30% or more of the voting rights of the Company, the Vendors would be required to make a mandatory offer to the shareholders of the Company in accordance with Rule 26.1 of the Takeovers Code. Based on the understanding of the Company from the Vendors, the Vendors intend to apply for the Whitewash Waiver as and when appropriate.

**The Company wishes to emphasise that the Proposed Transaction is subject to, among other things, the signing of the Definitive Agreement, the terms and conditions of which are yet to be agreed. Shareholders and potential investors of the Company should note that the Proposed Transaction may or may not materialise and the final structure and terms of the Proposed Transaction, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from that set out in the MOU. The Company will comply with the relevant disclosure and/or shareholders' approval requirements under the Takeovers Code and/or the Listing Rules where appropriate. Shareholders and potential investors of the Company should exercise caution when dealing in the shares and other securities of the Company.**

## **GENERAL**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

By Order of the Board  
**Tack Fiori International Group Limited**  
**Wang Liang**  
*Chairman*

Hong Kong, 18 December 2014

\* *For identification purpose only*

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

*Executive Directors:*

Mr. Wang Liang (*Chairman*)

Mr. Huang Limin

Dr. Feng Xiaogang

*Independent Non-executive Directors:*

Dr. Leung Shiu Ki, Albert

Mr. Yau Yan Ming, Raymond

Mr. Lau Yu

*Non-executive Director:*

Mr. Zhang Bao Yuan