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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 DISTRIBUTION AGREEMENTS

THE DISTRIBUTION AGREEMENTS

The Board is pleased to announce that on 30 April 2015 (after trading hours of the Stock Exchange), the Distributor, being an indirect wholly-owned subsidiary of the Company, entered into the Distribution Agreements with the Licensor, pursuant to which the Distributor was appointed as the exclusive authorised distributor and vested with the rights of distribution and marketing of the Games and their related products in the Authorised Regions. Pursuant to the Distribution Agreements, the Distributor shall pay an amount equivalent to 25% of its income received from the distribution of the Games to the Licensor as Licence Fees. The Distributor shall make a prepayment of RMB13 million under each of the Distribution Agreement (i.e. RMB26 million under both Distribution Agreements in aggregate) to the Licensor by instalments according to the stage of development and distribution of the Games, which will be deducted from the Licence Fees payable after commencement of distribution of the Games.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Appointments in aggregate pursuant to Rules 14.22 and 14.23(1) of the Listing Rules is more than 5% but less than 25%, the Appointments constitute a discloseable transaction for the Company and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE APPOINTMENTS

The Board is pleased to announce that on 30 April 2015 (after trading hours of the Stock Exchange), the Distributor, being an indirect wholly-owned subsidiary of the Company, entered into the Distribution Agreements with the Licensor, pursuant to which the Distributor was appointed as the exclusive authorised distributor and vested with the rights of distribution and marketing of the Games and their related products in the Authorised Regions.

Summarised below are the principal terms of the Distribution Agreements:

THE DISTRIBUTION AGREEMENTS

- Date : 30 April 2015
- Parties : (i) the Distributor: Dragon Partner International Limited, an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands; and
(ii) the Licensor: 北京掌聚互動遊戲軟件有限公司, a company established in the PRC
- Term : from 30 April 2015 until 31 March 2017
- Distributor's Right : The Distributor shall be appointed as the exclusive authorised distributor and vested with the rights of distribution and marketing of the Games (including on the Android and iOS platforms) and their related products in the Authorised Regions.
- Licence Fees : In consideration of the rights to distribute and market the Games granted under the Distribution Agreements, the Distributor shall pay an amount equivalent to 25% of its income received from the distribution of the Games to the Licensor as Licence Fees. The Distributor shall make a prepayment of RMB13 million under each of the Distribution Agreements (i.e. RMB26 million under both Distribution Agreements in aggregate) according to the following timetable for each Game, which will be deducted from the Licence Fees payable after commencement of distribution of the Games:
- (i) RMB5,000,000 within five days after signing of the Distribution Agreement (“**First Prepayment**”);
 - (ii) RMB1,000,000 after internal testing of the Game is completed;
 - (iii) RMB1,000,000 after external testing of the Game is completed;

- (iv) RMB1,000,000 within five days after the Game has been officially launched in the PRC and commenced its commercial operation; and
- (v) RMB5,000,000 within five days after the Game has been officially launched in Hong Kong, Macau and Taiwan and commenced its commercial operation in these regions.

The Licensor shall refund the First Prepayment, in full and with interest accrued thereon, to the Distributor and the Distributor is entitled to terminate the relevant Distribution Agreement upon the occurrence of any of the following events after the payment of the First Prepayment: (a) the Licensor fails to provide documentary evidence showing the intellectual property rights of the character image of the Games and the grant of licence by the relevant copyright owners within one month of the date of the Distribution Agreement; (b) the Distributor is not satisfied with the findings from the due diligence conducted in relation to the Appointments within one month of the date of the Distribution Agreement; (c) no income is generated from the Distributor's operation of the relevant Game or the income generated does not adequately cover the Licence Fees payable to the Licensor during the term of the relevant Distribution Agreement; or (d) the Licensor is unable to complete the testing of the relevant Game or release the relevant Game in the Authorised Regions according to the milestone dates. For the avoidance of doubt, the fees payable under the Distribution Agreements (other than the First Prepayment) are not refundable.

Operation of the Games : The Distributor is entitled to jointly operate the Games with a mobile platform with requisite legal qualifications or sublicense the rights granted under the Distribution Agreements to its subsidiary or a mobile platform which has the legal qualifications to operate the Games. The Distributor shall be responsible for providing the necessary hardware for smooth operation of the Games and ensure that the game servers which host the Games are properly maintained during the terms of the Distribution Agreements.

The Licensor shall be responsible for developing and upgrading the Games during the terms of the Distribution Agreements and these costs shall be borne by the Licensor.

Logos, trademarks and brands : The Licensor has granted an exclusive license to the Distributor to use the logos, trademarks and brands of the Licensor and the Games for the distribution and marketing of the Games and their related products during the term of the Distribution Agreements.

Assignment : The Distributor is entitled to assign all rights and obligations under the Distribution Agreements to its subsidiary to be established in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Licensor and its ultimate beneficial owner(s) are Independent Third Parties and as at the date of this announcement, the Licensor and its ultimate beneficial owner(s) do not hold any Share or other securities in the Company.

BASIS OF DETERMINATION OF THE LICENCE FEES

The Licence Fees were determined after arm's length negotiations between the Group and the Licensor after taking into account of (i) market information in relation to the grant of distribution rights of mobile games in the PRC; (ii) the business potential of the Games; and (iii) the reasons and benefits of entering into the Distribution Agreements as stated under the section headed "Reasons for and benefits of entering into of the Distribution Agreements" in this announcement.

The Directors are of the view that the Licence Fees and the terms of the Distribution Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE LICENSOR

The Licensor is a limited liability company established in the PRC. It is principally engaged in the development, marketing and distribution of mobile games on the Android and iOS platforms in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE DISTRIBUTION AGREEMENTS

The Group is 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 which was newly acquired in November 2014. The Group has recorded losses for each of the two years ended 31 March 2014 and the six months ended 30 September 2014. The Directors have been continuously identifying investment opportunities in order to diversify its existing business and develop new revenue streams to maximize returns to the Shareholders.

Due to the expansion of the smartphone market, mobile gaming has been rapidly gaining widespread acceptance. According to Newzoo, a global market researcher with a primary focus on games, revenue for the global mobile gaming market is forecasted to jump from US\$83.6 billion in 2014 to US\$91.5 billion in 2015, representing an increase of 9.4% year-on-year. At this pace, global revenue for mobile gaming is estimated to reach US\$107 billion in 2017. The latest estimates show that the PRC, with an anticipated revenue growth of 23% to US\$22.2 billion in 2015, could move ahead of the United States and become the world's largest games market by revenue in 2015. The Directors consider that the prospects of the mobile games industry in the PRC is promising.

The Directors also consider the Games to have the following competitive advantages: (i) “Neon Genesis Evangelion” (新世紀福音戰士) and “Sakura Wars” (櫻花大戰) are renowned Japanese television and movie animation series and video game series; (ii) both “Neon Genesis Evangelion” (新世紀福音戰士) and “Sakura Wars” (櫻花大戰) were developed in the 1990s and have accumulated popularity in the Authorised Regions; and (iii) the Licensor has successfully released various other popular mobile games in the PRC.

The Board believes that the entering into of the Distribution Agreements would diversify the Group’s business portfolio and allow the Group to enter into the mobile games industry in the PRC and broaden the Group’s source of income. Having considered the above, the Board is of the view that the operation of the mobile games business and particularly the Games will contribute positively to the Group. Looking forward, the Group will actively look for a suitable strategic partner, who specialises in mobile games distribution, to distribute the Games in the Authorised Regions.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Appointments in aggregate pursuant to Rules 14.22 and 14.23(1) of the Listing Rules is more than 5% but less than 25%, the Appointments constitute a discloseable transaction for the Company and are therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Appointments”	the appointments of the Distributor as the exclusive authorised distributor to conduct distribution and marketing of the Games in the Authorised Regions by the Licensor pursuant to the Distribution Agreements
“Authorised Regions”	the PRC, Hong Kong, Macau and Taiwan
“Board”	the board of Directors
“Company”	Tack Fiori International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 928)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company, and a “Director” means any one of them

“Distribution Agreements”	the two distribution agreements both dated 30 April 2015 and entered into between the Distributor and the Licensor in relation to the Appointments, and a “Distribution Agreement” means any one of them
“Distributor”	Dragon Partner International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Games”	the mobile version (including on the Android and iOS platforms) of the games “Neon Genesis Evangelion” (新世紀福音戰士) and “Sakura Wars” (櫻花大戰), and a “Game” means any one of them
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Licence Fees”	an amount equivalent to 25% of the income received from the distribution of the Games payable by the Distributor to the Licensor by instalments under the Distribution Agreements
“Licensor”	北京掌聚互動遊戲軟件有限公司, a limited liability company established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States

By Order of the Board
Tack Fiori International Group Limited
Wang Liang
Chairman and Executive Director

Hong Kong, 30 April 2015

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

Executive Directors:

Mr. Wang Liang (*Chairman*)
Dr. Feng Xiaogang
Mr. Zhang Jack Jiyei

Independent Non-Executive Directors:

Mr. Yau Yan Ming, Raymond
Mr. Lau Yu
Mr. Zheng Chunlei

Non-Executive Director:

Mr. Zhang Bao Yuan