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TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



PLACING AND SUBSCRIPTION

On 21 December 2015 (after trading hours), the Vendor, the Company and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which (a) the Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as the placing agent for the Vendor to procure Placees on a best efforts basis, to purchase up to 85,000,000 Placing Shares held by the Vendor at the Placing Price of HK\$1.90 per Share; and (b) the Vendor has conditionally agreed to subscribe for up to 85,000,000 Subscription Shares, at the Subscription Price of HK\$1.90 per Share, which is equivalent to the Placing Price.

The 85,000,000 Placing Shares represent (i) approximately 3.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Completion of the Subscription is conditional on certain conditions as more particularly set out in the Placing and Subscription Agreement. The Placing Agent reserves the right to terminate the Placing in case of the occurrence of certain force majeure events.

The gross proceeds of the Subscription will be approximately HK\$161.50 million. The net proceeds (after deducting all applicable costs and expenses of the Subscription) of approximately HK\$160.00 million from the Subscription are intended to be applied for the general working capital and the business development of the Group. The net price of each Subscription Share will be approximately HK\$1.88.

General Mandate

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorized to issue is 428,884,352 Shares, representing 20% of the issued nominal capital of the Company as at the date of the AGM.

Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

Application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

WARNING

Pursuant to the termination provisions contained in the Placing and Subscription Agreement in respect of the Placing, the Placing Agent has the right in certain circumstances to terminate its obligations under the Placing and Subscription Agreement at any time prior to completion on the Closing Date. Completion of the Subscription is subject to a number of conditions mentioned herein. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Set out below is a summary of certain key terms of the Placing and Subscription Agreement.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

21 December 2015

Parties

- (i) Mr. Feng Xiaogang (as the Vendor of the Placing Shares and the subscriber of the Subscription Shares);
- (ii) the Company (as the issuer of the Subscription Shares); and
- (iii) the Placing Agent.

As at the date of this announcement, the Vendor holds 200,000,000 Shares which represents approximately 9.33% of the issued ordinary share capital of the Company.

The Placing

Placing Agent

At the request of the Company, the Vendor has appointed the Placing Agent and the Placing Agent has agreed to act as agent for the Vendor to procure not less than six Placees on a best efforts basis, to purchase up to 85,000,000 Placing Shares held by the Vendor at the Placing Price of HK\$1.90 per Share.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Placees

To the best of the Directors' knowledge, information and belief, all of the Placees and their ultimate beneficial owners (i) will not be connected with or acting in concert with the Vendor, and (ii) will not be connected with or acting in concert with the Company or any member of the Group or any of their respective associates and/or otherwise not a connected person of the Company. It is also expected that the Placing Shares will be placed to not less than six Placees which are professional, institutional and/or other investors. The Company currently anticipates that none of the Placees will become a substantial shareholder of the Company as a result of the Placing.

Placing Shares

As at the date of this announcement, the authorized share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares of which 2,144,421,760 Shares have been issued and are fully paid up.

The 85,000,000 Placing Shares represent (i) approximately 3.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Rights of the Placing Shares

The Placing Shares will be sold free from encumbrances and together with all rights attaching thereto and will rank pari passu with all other issued Shares in all respects as at the date of the Placing and Subscription Agreement.

The Placing Price

The Placing Price is HK\$1.90 per Share. The Placing Price represents:

- (i) a discount of approximately 7.32% to the closing price of HK\$2.05 per Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement;

- (ii) a discount of approximately 5.47% to the average of the closing prices of approximately HK\$2.01 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 2.71% to the average of the closing prices of approximately HK\$1.953 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agent and was determined with reference to the prevailing market price of the Shares and the recent trading volume of the Shares.

Completion of the Placing

Completion of the Placing will take place on the Closing Date, being 28 December 2015 or such other time or date as the Vendor and the Placing Agent may agree in writing.

Termination of the Placing and Subscription Agreement

The Placing Agent shall have the sole and absolute discretion to terminate the Placing and Subscription Agreement by notice in writing given to the Vendor and the Company at any time prior to the Closing Date if any of the following occurs:

- (i) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Vendor or the Company contained herein or any failure by the Vendor or the Company to perform its undertakings in Placing and Subscription Agreement;
- (ii) in the sole judgement of the Placing Agent, there shall have been such a significant change in the national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its judgement be likely to materially prejudice the success of the Placing or trading in the Shares in the secondary market;
- (iii) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (iv) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of Placing and Subscription Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially

adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

- (v) if there develops, occurs, or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the reasonable opinion of the Placing Agent, would prejudice the success of the Placing;
- (vi) if there develops, occurs, or comes into effect the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any executive director of the Company or any subsidiary of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (vii) if there develops, occurs, or comes into effect a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or the PRC or elsewhere where the Company or any member of the Group carries on business which would, in the reasonable opinion of the Placing Agent, prejudice the success of the Placing,

and that the right to terminate Placing and Subscription Agreement under paragraphs (i) to (vii) above shall be a separate and independent right and that the exercise of any such right by the Placing Agent shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agent may have as at the date of such notice nor shall termination of Placing and Subscription Agreement affect or prejudice any provision hereof expressed to survive or operate in the event of termination of Placing and Subscription Agreement.

In the event that the Placing Agent terminate the Placing and Subscription Agreement in accordance with the provisions set out above, all obligations of each of the parties under the Placing and Subscription Agreement shall cease and determine (other than certain provisions of the Placing and Subscription Agreement including those in relation to indemnity and fees and commissions from the Placing) and the Placing and Subscription will lapse.

The Subscription

The Vendor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue up to 85,000,000 Subscription Shares.

The Subscription Price

The Subscription Price is HK\$1.90 per Share, which is equivalent to the Placing Price.

The Subscription Price of the Subscription Shares will be paid to the Company in full on application.

Number of Subscription Shares

The Vendor will subscribe for and the Company will allot and issue a total of up to 85,000,000 new Shares with an aggregate nominal value of HK\$850,000.

The 85,000,000 Subscription Shares represent (i) approximately 3.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.81% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares).

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional on:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Subscription Shares (either unconditionally or subject to conditions which are acceptable to the Company); and
- (ii) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement.

The Company shall, as soon as is reasonably practicable, apply to the Stock Exchange for the granting of listing of, and permission to deal in, the Subscription Shares after the signing of the Placing and Subscription Agreement.

The Placing and Subscription Agreement does not provide for any party to waive any of the above conditions.

Completion of the Subscription

Completion of the Subscription shall take place on the Business Day immediately after the date of fulfillment of all the conditions as set out above (or such other time and/or date as the Vendor and the Company may agree in writing and subject to compliance with the Listing Rules).

Each of the Company and the Vendor shall exercise its best endeavours to procure the satisfaction of the conditions set out above in the paragraph headed "*Conditions of the Subscription*". In the event the above conditions not having been fulfilled by 4 January 2016, being the date falling 14 days after the date of the Placing and Subscription Agreement, or such later time or date as the parties hereto may agree in writing, all rights, obligations and liabilities of the parties in relation to the Subscription shall, subject to the other provisions of the Placing and Subscription Agreement, cease and determine and none of the parties shall have any claim against any other in respect of the Subscription.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The issue of the Subscription Shares will not be subject to the approval by the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorized to issue is 428,884,352 Shares, representing 20% of the issued nominal capital of the Company as at the date of the AGM.

Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the Placing but before the Subscription, and (iii) immediately after completion of the Placing and the Subscription:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately after the Placing but before the Subscription (assuming the Placing Shares are placed in full)		Shareholding immediately after completion of the Placing and the Subscription (assuming the Placing Shares are placed in full)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Shareholders						
Cherrie Holdings Limited (note 1)	304,610,860	14.20%	304,610,860	14.20	304,610,860	13.66
The Vendor	200,000,000	9.33%	115,000,000	5.36	200,000,000	8.97
Placees	—	0%	85,000,000	3.96	85,000,000	3.81
Public shareholders	<u>1,639,810,900</u>	<u>76.47%</u>	<u>1,639,810,900</u>	<u>76.48</u>	<u>1,639,810,900</u>	<u>73.56</u>
Total	<u><u>2,144,421,760</u></u>	<u><u>100%</u></u>	<u><u>2,144,421,760</u></u>	<u><u>100</u></u>	<u><u>2,229,421,760</u></u>	<u><u>100</u></u>

Notes:

1. These interests are held by Cherrie Holdings Limited which is wholly-owned by Mr. Wang Liang, a Director. Mr. Wang Liang is therefore deemed to be interested in the Shares held by Cherrie Holdings Limited.
2. The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Company has not conducted any equity fund raising activities in the past twelve months before the date of this announcement.

EXISTING BUSINESS OF THE GROUP

The Group is principally engaged in (i) the development and promotion of education software products and provision of technical support services in the PRC; (ii) apparel retail business in the PRC; and (iii) securities trading and investment business.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Subscription offer a good opportunity to raise additional funds to strengthen the financial position, broaden the shareholder base and capital base of the Group so as to facilitate its future development. The Directors consider that the terms of the Placing and Subscription Agreement are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription will be approximately HK\$161.50 million. The net proceeds from the Subscription (after deducting all applicable costs and expenses of the Subscription) will be approximately HK\$160.00 million. The net price of each Subscription Share will be approximately HK\$1.88.

As at the date of this announcement, the Group is principally engaged in (i) the development and promotion of education software products and provision of technical support services in the PRC; (ii) apparel retail business in the PRC; and (iii) securities trading and investments business.

Given the Group recorded a loss in each of the financial year ended 31 March 2013, 31 March 2014 and 31 March 2015 primarily due to keen competition environment, brand awareness in the market and the increasing operating cost for retail outlets of apparel retail business in the PRC, the Group gradually changed the sales channel of its apparel retail business from retail outlets to e-commerce for cost saving purpose, and in light of the above, it is the intention of the Company to diversify its business portfolio by exploring new business opportunities, with a focus on healthcare-related mobile internet market in the PRC.

In light of the above, the Company intends to use the (i) 35% of the net proceeds of the Subscription as general working capital and develop the Group's existing business; and (ii) 65% of the net proceeds of the Subscription for the development of a national online platform to serve as an effective advertising channel for hospitals and medical institutions in the PRC; and to allow those hospitals and medical institutions to market and sell their products and/or services to customers online.

WARNING

Pursuant to the termination provisions contained in the Placing and Subscription Agreement in respect of the Placing, the Placing Agent has the right in certain circumstances to terminate its obligations under the Placing and Subscription Agreement at any time prior to completion on the Closing Date. Completion of the

Subscription is subject to a number of conditions mentioned herein. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“AGM”	the annual general meeting of the Company held on 7 August 2015
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Closing Date”	28 December 2015 or such other date as the Vendor and the Placing Agent may agree in writing
“Company”	Tack Fiori International Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	18 December 2015, being the trading date immediately prior to the date of the Placing and Subscription Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	any professional, institutional and/or other investors procured by or on behalf of the Placing Agent on a best effort basis to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares by the Vendor through the Placing Agent pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Haitong International Securities Company Limited
“Placing and Subscription Agreement”	the placing and subscription agreement dated 21 December 2015 entered into among the Vendor, the Company and the Placing Agent in relation to the Placing and the Subscription
“Placing Price”	HK\$1.90 per Placing Share (without taking account of any Hong Kong stamp duty, Stock Exchange trading fee, brokerage and the SFC transaction levy which are or may be payable by the Placees)
“Placing Shares(s)”	up to 85,000,000 existing Shares held by the Vendor
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of par value 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
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Price”	HK\$1.90 per Subscription Share, which is equal to the Placing Price
“Subscription Shares”	up to 85,000,000 new Shares that is equal to the number of Placing Shares to be sold by the Vendor

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules
“Vendor” Mr. Feng Xiaogang, a Director
“%” per cent.

By Order of the Board of
TACK FIORI INTERNATIONAL GROUP LIMITED
Shan Hua
Executive Director

Hong Kong, 21 December 2015

* *For identification purpose only*

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

Executive Directors:

Mr. Wang Liang (*Chairman*)
Dr. Feng Xiaogang
Ms. Shan Hua

Non-executive Director:

Mr. Zhang Bao Yuan

Independent non-executive Directors:

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