TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00928)

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2016

The board (the "**Board**") of directors (the "**Directors**") of Tack Fiori International Group Limited (the "**Company**") is 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 2016 together with comparative figures for the year ended 31 March 2015 as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 March 2016, the Group recorded turnover of approximately HK$5.11 million (year ended 31 March 2015: HK$8.40 million), representing a decrease of approximately 39.17% as compared to the last year. The loss attributable to owners of the Company for the year ended 31 March 2016 amounted to approximately HK$34.34 million (year ended 31 March 2015: HK$45.33 million), representing a decrease of 24.24% as compared to the last year. The decrease in loss amounted to HK$10.99 million was mainly due to (i) the increased gross profit of HK$2.45 million; (ii) the increase in other income and gain of HK$9.80 million; (iii) the decrease in selling and distribution costs of HK$5.38 million; (iv) the decrease in impairment on inventories of HK$10.93 million and impairment on trademark of HK$2.06 million, offset by the increase of impairment on goodwill of HK$3.84 million and increase in administrative and other expenses of HK$15.82 million which mainly arose from legal and professional fee related to non-recurring merger and acquisition transactions during the year. Loss per share for the year ended 31 March 2016 was approximately HK1.60 cents as compared with loss per share of approximately HK2.11 cents for the last year. The Group's overall gross profit margin was 74.91% (year ended 31 March 2015: 16.47%). The increased overall gross profit margin was attributable to the education software products and related services business, which was acquired by the Group in November 2014 and generated a higher gross profit margin to the Group.

BUSINESS REVIEW

Education software products and related services business

Turnover from the education software products and related services business (representing the turnover generated by the education software products and related services business acquired by the Group in November 2014) was HK$4.79 million (year ended 31 March 2015: HK$2.72 million). This segment recorded a loss in segment result of HK$8.30 million during the year (year ended 31 March 2015: a profit of HK$0.44 million). The segment loss for the year was mainly attributable to the goodwill impairment of HK$3.84 million and inventories impairment of HK$2.93 million recognized during the year ended 31 March 2016.

Apparel retail business

Turnover of the apparel retail business amounted to HK$0.33 million (year ended 31 March 2015: HK$5.68 million), representing a decrease of 94.19% as compared with the last year and accounting for 6.45% of the Group's turnover for the year (year ended 31 March 2015: 67.61%). As for segment results, the apparel retail business recorded a loss of HK$3.67 million, representing a decrease of 86.33% as compared with HK$26.84 million of last year. The decrease in loss was primarily due to the decrease in operating cost resulted from the change of sales channel to e-commerce platform sales and the decrease in impairment on inventories amounted to HK$13.86 million.

Securities trading and investment

The Group did not engage in any securities trading and investment activities during the year ended 31 March 2016.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (year ended 31 March 2015: Nil).

PROSPECTS

Healthcare services

The Directors continue to identify and evaluate opportunities for the Group to diversify and strengthen its revenue streams to maximize returns to the Company's shareholders and have, in particular, identified the healthcare industry as a specific area of focus for the Group's investments. In line with this direction, on 5 April 2016, the Group entered into a set of contractual agreements through its wholly-owned subsidiary (namely 北京蓮和無限醫療科技有限公司 Beijing LifeHealthcare Technology Co., Ltd.*), with 蓮和(北京)醫療科技有限公司 LifeHealthcare (Beijing) Co., Ltd.* ("**LifeHealthcare**") and its shareholders, pursuant to which Beijing LifeHealthcare Technology Co., Ltd. has effective control over LifeHealthcare and a right to receive substantially all of LifeHealthcare's economic benefits.

* *For identification purposes only*

LifeHealthcare is a provider of genetic testing and health data analysis services. Through LifeHealthcare and its non-invasive tumor genetic testing technology, the Group is committed to the promotion and application of genetic testing in clinical medicine and related healthcare services, with the broader aim of becoming the provider of a full range of services and solutions for medical and health administration.

The contractual arrangements entered into by Beijing LifeHealthcare Technology Co., Ltd. comply with the requirements set out in the guidance materials published by the Stock Exchange with respect to structured contracts. The Company will disclose in its next financial report, which will cover the period in which the Group has control over LifeHealthcare, the information required under the relevant guidance letter published by the Stock Exchange, including details of such contractual arrangements.

Furthermore, the Directors propose to report a new segment information for its healthcare services businesses commencing from the Group's financial results for the six months ending 30 September 2016.

Education software products and related services business

Excluding the goodwill impairment of HK$3.84 million and inventories impairment of HK$2.93 million recognized during the year ended 31 March 2016, this segment recorded a loss of HK$1.53 million during the year (year ended 31 March 2015: a profit of HK$0.44 million). With the competitive market conditions in education industry of the PRC and also the increasing examination fee imposed on the English learning examinations by the relevant authorities, which is affecting the demand on the education software products in the market, Beijing Xinzhitang Educational Technology Development Co., Ltd. ("BJ Xinzhitang") suffered a loss in this segment for the year ended 31 March 2016. BJ Xinzhitang will aim to continue to broaden its customer base to increase the income stream of the Group and provide a greater variety of technical support services to its customers.

Apparel retail business

The segment results of the apparel retail business recorded a loss of HK$3.67 million, representing a decrease of 86.33% as compared with HK$26.84 million of last year. The Board is of the view that the cost saving from 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.

Securities trading and investment

During the year, the Group had no securities trading and investment activities. The Group will continue to adopt a prudent approach to its securities trading business with a view of strengthening shareholders' value in the long run.

MOBILE GAME DISTRIBUTION AGREEMENTS

Pursuant to the Company's announcement dated 30 April 2015, the Group, through its indirect wholly-owned subsidiary (the "**Distributor**"), entered into two distribution agreements (the "**Distribution Agreements**") for a term from 30 April 2015 to 31 March 2017 with an independent licensor ("**Licensor**"), pursuant to which the Distributor was appointed as the exclusive authorised distributor and vested with the rights of distribution and marketing of the mobile versions (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) (collectively referred as to the "**Games**"), and their related products in the PRC, Hong Kong, Macau and Taiwan (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 license fee. 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 fee payable by the Distributor after commencement of distribution of the Games.

RMB10 million (approximately HK$12.49 million) in aggregate was paid to the Licensor during the year ended 31 March 2016 as prepayments.

However, in view of the Licensor failing to complete the testing and release of the relevant Games in the Authorised Regions on or before the milestone dates, the Distributor and the Licensor agreed to terminate the Distribution Agreements and entered into the Termination Agreements on 3 June 2016. Pursuant to the Termination Agreements, the parties shall release and discharge each other from their respective obligations under the Distribution Agreements, and the Licensor shall return the prepayment of RMB10 million within 5 business days from the date of the Termination Agreements. For details, please refer to the announcement of the Company dated 3 June 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016
(Amounts expressed in Hong Kong dollars)

	Notes	2016 HK$'000	2015 HK$'000
Turnover	3 & 5	**5,114**	8,398
Cost of sales and services		**(1,283)**	(7,015)
Gross profit		**3,831**	1,383
Change in fair value of held-for-trading investments		**–**	–
		3,831	1,383
Other income and gain	4	**11,394**	1,590
Selling and distribution costs		**(1,229)**	(6,609)
Administrative and other expenses		**(40,687)**	(24,867)
Impairment on goodwill	6	**(3,842)**	–
Impairment on inventories	7	**(3,808)**	(14,735)
Impairment on trademark	8	**–**	(2,063)
Loss before taxation	9	**(34,341)**	(45,301)
Income tax	10	**4**	(32)
Loss for the year		**(34,337)**	(45,333)
Other comprehensive expense that may be reclassified subsequently to profit or loss:			
Exchange differences on translations		**(1,817)**	(780)
Reclassification of translation reserve to profit or loss upon deregistration of a subsidiary		**(1,492)**	–
		(3,309)	(780)
Total comprehensive expense for the year		**(37,646)**	(46,113)
Loss for the year attributable to owners of the Company		**(34,337)**	(45,333)
Total comprehensive expense for the year attributable to owners of the Company		**(37,646)**	(46,113)
LOSS PER SHARE	11		
— Basic (HK cents)		**(1.60)**	(2.11)
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

(Amounts expressed in Hong Kong dollars)

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**1,212**	1,730
Goodwill	6	**–**	3,842
Trademark	8	**–**	–
		1,212	5,572
Current assets			
Prepayments for acquisition of intangible asset	13	**12,485**	–
Inventories		**2,158**	5,023
Trade and other receivables	14	**4,481**	4,993
Bank balances and cash		**65,810**	97,670
		84,934	107,686
Current liabilities			
Other payables	15	**1,331**	10,797
Loan from a director	16	**20,000**	–
		21,331	10,797
Net current assets		**63,603**	96,889
Net assets		**64,815**	102,461
Capital and reserves			
Share capital	17	**21,444**	21,444
Reserves		**43,371**	81,017
Total equity attributable to owners of the Company		**64,815**	102,461

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 Group is principally engaged in (i) development and promotion of education software products and provision of technical support services in the People's Republic of China (the "**PRC**"); (ii) the sale of apparel in the PRC; and (iii) 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 (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or disclosures set out in these consolidated financial statements.

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:

HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods on or after a date to be determined.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments as at 31 March 2016, the directors of the Company 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.

HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group has commenced an assessment of the impact of HKFRS 15 and accordingly, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. The Group has commenced an assessment of the impact of HKFRS 16 and accordingly, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

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

3. TURNOVER

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 are set out below:

	2016	2015
	HK$'000	*HK$'000*
Sales of education software products	**4,204**	951
Provision of technical support services	**583**	1,769
Sales of goods from apparel retail business	**327**	5,678
	5,114	8,398

4. OTHER INCOME AND GAIN

	2016	2015
	HK$'000	*HK$'000*
Interest income	**67**	175
Gain on deregistration of a subsidiary *(Note)*	**10,297**	–
Others	**1,030**	1,415
	11,394	1,590

Note: Net liabilities of the deregistered subsidiary on the date of deregistration were as follows:

	Total
	HK$'000
Net liabilities derecognised:	
Other payables	8,805
Release of translation reserve	1,492
Gain on deregistration	10,297
Net cash outflow arising on deregistration	
Bank balances and cash	–

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 November 2014, the Group acquired 100% equity interest in China Education Media Limited and its subsidiary which are mainly engaged in the development and promotion of education software products and provision of technical support services in the PRC.

Upon completion of the acquisition of China Education Media Limited, the Group is organised into the following three major operating segments for its operation, each of which represents an operating and reportable segment of the Group during the years ended 31 March 2015 and 2016:

(i) Education software products and related services business

(ii) Apparel retail business

(iii) 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 2016

	Education software products and related services business *HK$'000*	**Apparel retail business** *HK$'000*	**Securities trading and investments** *HK$'000*	**Total** *HK$'000*
Gross proceeds from disposal of held-for-trading investments	**–**	**–**	**–**	**–**
Segment revenue	**4,787**	**327**	**–**	**5,114**
Intra-segment revenue	**–**	**–**	**–**	**–**
Consolidated revenue	**4,787**	**327**	**–**	**5,114**
Change in fair value of held-for-trading investments, included in segment result	**–**	**–**	**–**	**–**
Segment result	**(8,296)**	**(3,673)**	**(8)**	**(11,977)**
Unallocated corporate expenses				**(32,728)**
Other income and gain				**10,364**
Loss before taxation				**(34,341)**

For the year ended 31 March 2015

	Education software products and related services business *HK$'000*	Apparel retail business *HK$'000*	Securities trading and investments *HK$'000*	Total *HK$'000*
Gross proceeds from disposal of held-for-trading investments	–	–	–	–
Segment revenue	2,720	6,660	–	9,380
Intra-segment revenue	–	(982)	–	(982)
Consolidated revenue	2,720	5,678	–	8,398
Change in fair value of held-for-trading investments, included in segment result	–	–	–	–
Segment result	440	(26,843)	(3)	(26,406)
Unallocated corporate expenses				(19,070)
Other income and gain				175
Loss before taxation				(45,301)

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 its operations is presented based on the location at which the goods or services are delivered or provided:

	Revenue from external customers from its operations	
	2016	2015
	HK$'000	*HK$'000*
The PRC	**5,114**	8,398

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2016	2015
	HK$'000	*HK$'000*
Customer A *(note)*	**1,926**	N/A
Customer B *(note)*	**762**	N/A
Customer C *(note)*	**532**	N/A

Note: The corresponding revenue did not contribute over 10% of the total sales of the Group for the year ended 31 March 2015.

During the year ended 31 March 2015, no single customer contributed over 10% of the total sales of the Group.

6. IMPAIRMENT ON GOODWILL

The carrying amount of goodwill was related to the cash-generating unit of education software products and related services business acquired during the year ended 31 March 2015.

The recoverable amount of this unit has been determined based on a value in use calculation. For impairment purpose, the calculation uses cash flow projections based on the financial budgets approved by management for the coming year and using a discount rate of 10.65% and the cash flow from 2nd year onwards are extrapolated using a zero growth rate. Another key assumption for the value in use calculation relates to the estimation of cash inflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. As the recoverable amount of the cash-generating unit of education software products and related services business is lower than its carrying amount, an impairment of HK$3,842,000, which represented the full amount of goodwill has been recognised during the year ended 31 March 2016.

7. IMPAIRMENT ON INVENTORIES

At the end of the reporting period, the directors of the Company had performed a detailed review on the net realisable value of aged inventories of the Group and recognised an impairment loss of approximately HK$879,000 (2015: HK$14,735,000) and HK$2,929,000 (2015: nil) on certain aged inventories of apparel retail business and education software products and related service business respectively.

8. IMPAIRMENT ON TRADEMARK

At 31 March 2015, in view of the operating loss resulted from the apparel retail business, the management of the Group had performed a detailed review of the recoverable amount of the trademark, which was allocated to the cash-generating unit of the apparel retail business. The recoverable amount of this unit was determined based on a value in use calculation. For impairment purpose, the calculation used cash flow projections based on the financial budgets approved by management covering five-year period and using a discount rate of 7.15%. The cash flows beyond this five-year period are extrapolated without any growth. As the recoverable amount of the cash-generating unit of the apparel retail business, determined based on discounted cash flow method, was lower than its carrying amount, a full impairment loss on trademark of approximately HK$2,063,000 was made during the year ended 31 March 2015.

9. LOSS BEFORE TAXATION

	2016 HK$'000	2015 HK$'000
Loss before taxation has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments		
— fees and other emoluments	**6,559**	5,021
Other staff costs		
— salaries, allowances and bonus	**8,985**	10,367
— retirement benefits scheme contributions	**1,611**	1,656
	17,155	17,044
Cost of inventories recognised as expenses	**4,842**	21,667
Depreciation of property, plant and equipment	**768**	588
Amortisation for trademark	**–**	125
Auditor's remuneration	**2,052**	2,176
Loss on disposal of property, plant and equipment	**16**	403
Operating lease rental on premises	**1,513**	788
Reversal of provision for onerous contracts (included in administrative and other expenses)	**–**	(2,588)
Write-off of deposits	**–**	23
Legal and professional fees (included in administrative and other expenses)	**17,211**	5,930

10. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statements for current period as the subsidiaries in Hong Kong have no assessable profit for both years.

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. For the years ended 31 March 2015 and 2016, income tax represent PRC Enterprise Income Tax provided based on the assessable profit of a PRC subsidiary.

11. LOSS PER SHARE

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

	2016 HK$'000	2015 HK$'000
Loss for the purpose of basic loss per share	**34,337**	45,333

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,144,421**	2,144,421

There were no share options outstanding during the years ended 31 March 2015 and 2016.

12. DIVIDEND

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

13. PREPAYMENTS FOR ACQUISITION OF INTANGIBLE ASSET

On 30 April 2015, the Group, through its indirect wholly-owned subsidiary (the "**Distributor**"), entered into two distribution agreements (the "**Distribution Agreements**") for a term from 30 April 2015 to 31 March 2017 (the "**Term**") with an independent licensor ("**Licensor**"), pursuant to which the Distributor was appointed as the exclusive authorised distributor and vested with the rights of distribution and marketing of the mobile versions, (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) (collectively referred as to the "**Games**") and their related products in the PRC, Hong Kong, Macau and Taiwan (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 "**License Fees**"). The Distributor shall make a prepayment of RMB13 million under each of the Distribution Agreement (i.e. RMB26 million (approximately HK$31,181,000) 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. RMB10 million (approximately HK$12.49 million in aggregate was paid to the Licensor during the year ended 31 March 2016 as prepayments ("**First Prepayment**").

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) 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; or (b) 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 as set out in the Distribution Agreements.

In view of the Licensor's failure to complete the testing and release of the relevant Games in the Authorised Regions on or before the milestone dates, the Distributor and the Licensor agreed to terminate the Distribution Agreements and entered into the termination agreements on 3 June 2016 ("**Termination Agreements**"). Pursuant to the Termination Agreements, the parties shall release and discharge each other from its respective obligations under the Distribution Agreements and the Licensor shall return the prepayment of RMB10 million within 5 business days from the date of the Termination Agreements. For details, please refer to the announcement of the Company dated 3 June 2016. As of the date of this announcement, the Group has received the refund of RMB10 million.

14. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**3,262**	3,753
Other receivables	**1,219**	1,240
Total trade and other receivables	**4,481**	4,993

Apparel retail sales conducted through outlet shops and e-commerce platforms are normally settled in cash or Alipay ("支付寶"), or by credit card with the settlement from corresponding banks or other financial institutions within 7 days. For receivables from retail sales conducted through authorised distributor, the Group allows a credit period of 14 days. For receivables from sales of education software products and provision of technical support services, the Group allows a credit period ranging from 30–180 days. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**56**	133
91–180 days	**6**	41
181–365 days	**1,632**	3,576
Over 1 year	**1,568**	3
	3,262	3,753

15. OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Other payables *(Note)*	**1,331**	10,797
	1,331	10,797

Note: During the year ended 31 March 2016, other payables of HK$8,805,000 was derecognised upon the deregistration of a subsidiary. Details are set out in note 4.

16. LOAN FROM A DIRECTOR

The amount is unsecured, interest-free and repayable within one year from the drawn down date.

17. SHARE CAPITAL

	Number of shares	**Nominal value**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each on 1 April 2014	5,000,000	500,000
Share subdivision *(Note)*	45,000,000	–
Ordinary shares of HK$0.01 each on 31 March 2015 and 2016	50,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each on 1 April 2014	214,441	21,444
Share subdivision *(Note)*	1,929,980	–
Ordinary shares of HK$0.01 each on 31 March 2015 and 2016	2,144,421	21,444

Note: 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.

18. CAPITAL COMMITMENTS

	2016	2015
	HK$'000	*HK$'000*
Commitments to acquire the intangible assets *(note 13)*	**18,696**	–

Note: Such commitment were subsequently released upon the signing the Termination Agreement. Detail of the Termination Agreement are set out in note 21.

19. PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

The Group and the Company have no pledge of assets and contingent liabilities as at 31 March 2015 and 2016.

20. 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 an effective period of 10 years commencing on 18 September 2012. The Old Scheme expired on 10 April 2012. The principal terms (including purpose and participants) of the New Scheme are similar to the Old Scheme. All other 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.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issued as at the date of the passing of the resolution on refreshment of the mandate limit of the New Scheme on 26 August 2014, i.e. 214,442,176 shares.

As at 31 March 2016 and the date of this announcement, there are no options granted or outstanding available for issue under the New Scheme. No option may be granted to any Participant of the New Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time unless shareholders' approval has been obtained pursuant to requirements under the New Scheme and the Listing Rules.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as determined by the board of directors of the Company and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the New Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on the offer date. The subscription price of the options is determined by the board of directors of the Company in its absolute discretion and shall not be less than the highest of:

(a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of the grant, which must be a business day;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the date of the grant; or

(c) the nominal value of a share.

There were no share option of the Company outstanding, granted, exercised, cancelled or lapsed as at 31 March 2015 and 2016 nor any movement of the Company's share options during the years ended 31 March 2015 and 2016.

21. EVENT AFTER THE REPORTING PERIOD

(1) On 5 April 2016, the Group entered into a set of contractual agreements through its wholly-owned subsidiary (namely 北京蓮和無限醫療科技有限公司 Beijing LifeHealthcare Technology Co., Ltd.*), with 蓮和(北京)醫療科技有限公司 LifeHealthcare (Beijing) Co., Ltd.* ("**LifeHealthcare**") and its shareholders, pursuant to which Beijing LifeHealthcare Technology Co., Ltd. has effective control over LifeHealthcare and a right to receive substantially all of LifeHealthcare's economic benefits. In light of this, the Directors propose to report a new segment information for the Group's healthcare services businesses commencing from the Group's financial results for the six months ending 30 September 2016.

(2) Reference was made to the Company's announcement dated 3 June 2016 and note 13, the Distributor and the Licensor agreed to terminate the Distribution Agreements and entered into the Termination Agreements on 3 June 2016. Pursuant to the Termination Agreements, the parties shall release and discharge each other from its respective obligations under the Distribution Agreements and the Licensor shall return the prepayment of RMB10 million within 5 business days from the date of the Termination Agreements. As of the date of this announcement, the Group has received the refund of RMB10 million.

* *For identification purposes only*

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 2016, the Group's net current assets of approximately HK$63.60 million including cash and cash equivalents of approximately HK$65.81 million and a loan from a Director of HK$20 million (2015: net current assets of approximately HK$96.89 million including cash and cash equivalents of approximately HK$97.67 million and nil borrowing).

CAPITAL EXPENDITURE COMMITMENTS

As of 31 March 2016, the Group had capital commitments to acquire intangible asset amounting to HK$18.70 million (31 March 2015: Nil).

PLEDGE OF ASSETS

As of 31 March 2016, the Group had not pledged any of its assets.

CONTINGENT LIABILITIES

As of 31 March 2016, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2016, the Group had 48 full-time employees excluding Directors (2015: 57 employees). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive directors, namely Mr. Yau Yan Ming, Raymond (Chairman of the Audit Committee), Mr. Lau Yu and Mr. Zheng Chunlei, with the chairman possessing the appropriate professional qualifications and accounting expertise.

The Company's annual results for the year ended 31 March 2016 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 2016 as set out in this 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 this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the financial year ended 31 March 2016, except for the following deviations:

— Code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year under review, Mr. Wang Liang served as the Chairman of the Board and there was no chief executive officer appointed by the Company until Ms. Shan Hua was appointed as executive Director and chief executive officer on 17 December 2015. The duties of chief executive officer before 17 December 2015 had been undertaken by other executive members of the Board. Further, Mr. Hua Yunbo was appointed as Chairman of the Board on 15 February 2016 and Mr. Wang Liang was re-designated from the Chairman of the Board to Vice-Chairman of the Board on the same date. In view of the simple structure of the Group, the Board was of the opinion that this arrangement would provide the Group with strong and consistent leadership and allow for more effective and efficient business decision making and execution.

— Code provision E.1.2 of the CG Code provides interpretation that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting. Mr. Wang Liang, the Chairman of the Board at that time did not attend the annual general meeting of the Company held on 7 August 2015 (the "2015 AGM") as he had another business engagement. Mr. Zhang Jack Jiyei, an executive Director, was appointed to chair of the 2015 AGM. Other members of the Board including chairmen of the Audit Committee and Nomination Committees attended the 2015 AGM. The Company considers that the members of the Board who attended the 2015 AGM were able to sufficiently answering questions from shareholders at the 2015 AGM.

— Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election.

  The independent non-executive Directors were not appointed for specific terms. 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 (of, 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. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are in line to those of the CG Code.

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 2016.

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 2016 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
SHAN HUA
Executive Director

Hong Kong, 22 June 2016

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

Executive Directors:
Mr. Hua Yunbo *(Chairman)*
Ms. Shan Hua

Non-executive Directors:
Mr. Wang Liang *(Vice Chairman)*
Dr. Feng Xiaogang

Independent Non-Executive Directors:
Mr. Yau Yan Ming, Raymond
Mr. Lau Yu
Mr. Zheng Chunlei