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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 THE ACQUISITION OF 30% EQUITY INTEREST IN MANRUI BIOTECH

THE ACQUISITION

On 1 August 2016 (after trading hours), the Company, LifeHealthcare, Manrui Biotech, Vendor A, Super High, which is wholly-owned by Vendor A, and Vendor B entered into the Agreement, pursuant to which (a) LifeHealthcare conditionally agreed to purchase, and Vendor A conditionally agreed to sell, 10% equity interest in Manrui Biotech for RMB20,000,000, of which (i) RMB1,250,000 will be settled in cash by LifeHealthcare to Vendor A; and (ii) the remaining RMB18,750,000 will be settled by way of allotment and issuance of the Consideration Shares A by the Company to Super High; and (b) LifeHealthcare conditionally agreed to purchase, and Vendor B conditionally agreed to sell, 20% equity interest in Manrui Biotech for RMB40,000,000, of which (i) RMB2,500,000 will be settled in cash by LifeHealthcare to Vendor B; and (ii) the remaining RMB37,500,000 will be settled by way of allotment and issuance of the Consideration Shares B by the Company to Vendor B or such other person or company as nominated by Vendor B.

The Consideration Shares represent (i) approximately 11.47% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.29% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares. The Consideration Shares will be allotted and issued under the General Mandate and will rank *pari passu* in all respects with each other and with the Shares in issue.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

Manrui Biotech is a substantial shareholder, holding 40% equity interest, of LifeHealthcare (Hangzhou) as at the date of this announcement. LifeHealthcare (Hangzhou) is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Manrui Biotech and its ultimate beneficial owners are not connected persons of the Company. Therefore, the entering into of the Agreement, and the Acquisition contemplated thereunder, do not constitute a connected transaction under Chapter 14A of the Listing Rules.

GENERAL

As the Acquisition is subject to the fulfillment (or waiver, if applicable) of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

INTRODUCTION

On 1 August 2016 (after trading hours), the Company, LifeHealthcare, Manrui Biotech, Vendor A, Super High, which is wholly-owned by Vendor A, and Vendor B entered into the Agreement, pursuant to which (a) LifeHealthcare conditionally agreed to purchase, and Vendor A conditionally agreed to sell, 10% equity interest in Manrui Biotech; and (b) LifeHealthcare conditionally agreed to purchase, and Vendor B conditionally agreed to sell, 20% equity interest in Manrui Biotech. A summary of the principal terms of the Agreement and details of Manrui Biotech are set out below.

THE AGREEMENT

Date

1 August 2016

Parties

- (a) LifeHealthcare (as purchaser)
- (b) Vendor A (as one of the vendors)
- (c) Manrui Biotech (as the target company)
- (d) the Company

- (e) Super High
- (f) Vendor B (as one of the vendors)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Manrui Biotech, Vendor A, Super High and Vendor B is an Independent Third Party.

Assets to be acquired

Pursuant to the Agreement, (a) LifeHealthcare conditionally agreed to purchase, and Vendor A conditionally agreed to sell, 10% equity interest in Manrui Biotech; and (b) LifeHealthcare conditionally agreed to purchase, and Vendor B conditionally agreed to sell, 20% equity interest in Manrui Biotech, subject to the terms and conditions set out in the Agreement.

Consideration

The aggregate Consideration payable by the Group under the Agreement is RMB60,000,000.

The consideration for the acquisition of 10% equity interest in Manrui Biotech from Vendor A will be satisfied in the following manner:

- (a) RMB1,250,000 in cash to Vendor A within ten (10) Business Days upon fulfillment of all the conditions precedent set out in the Agreement and registration of the said equity transfer with the relevant administration of industry and commerce in the PRC; and
- (b) RMB18,750,000 by way of allotment and issuance of 81,963,630 Consideration Shares A to Super High within five (5) Business Days upon completion of the acquisition of 10% equity interest in Manrui Biotech from Vendor A.

The consideration for the acquisition of 20% equity interest in Manrui Biotech from Vendor B will be satisfied in the following manner:

- (a) RMB2,500,000 in cash to Vendor B within ten (10) Business Days upon fulfillment of all the conditions precedent set out in the Agreement and registration of the said equity transfer with the relevant administration of industry and commerce in the PRC; and
- (b) RMB37,500,000 by way of allotment and issuance of 163,927,260 Consideration Shares B to Vendor B (or its nominee) within five (5) Business Days upon completion of the acquisition of 20% equity interest in Manrui Biotech from Vendor B.

The aggregate Consideration for the Acquisition was determined after arm's length negotiations among the Company, Vendor A and Vendor B with reference to an equity valuation of Manrui Biotech by an independent valuer, the low end of the range of which was RMB200 million.

The cash portion of the Consideration will be funded by the Group's internal resources.

Consideration Shares

An aggregate of 245,890,890 Consideration Shares will be allotted and issued by the Company to settle part of the Consideration under the Agreement within five (5) Business Days upon completion of the Acquisition. The Consideration Shares represent (i) approximately 11.47% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.29% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The issue price for the Consideration Shares of HK\$0.266 per Consideration Share was determined based on arm's length negotiations between the Company, Vendor A and Vendor B with reference to the average closing share price of the Shares in the five trading days preceding to the signing of the Agreement. It represents:

- (i) a premium of approximately 2.31% to the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.38% to the average of the closing prices of HK\$0.265 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 0.37% to the average of the closing prices of HK\$0.267 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Directors consider that the issue price to be fair and reasonable and the issuance of the Consideration Shares at the issue price is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares are to be issued under the General Mandate granted by the Shareholders to the Directors at the last annual general meeting held by the Company on 7 August 2015, which authorised the Board to issue up to 428,884,352 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate.

The Company will make an application to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares.

The Consideration Shares, when issued and fully paid, will rank *pari passu* in all respects with each other and with the other Shares in issue at the time of issue of the Consideration Shares.

Conditions precedent

Completion of the Acquisition is conditional upon, but not limited to, the fulfilment of the following conditions precedent:

- (a) LifeHealthcare being satisfied with the results of the due diligence review of the legal and financial conditions of Manrui Biotech to be conducted pursuant to the Agreement;
- (b) Manrui Biotech having obtained all necessary internal consents and approvals (including but not limited to the approvals of its shareholders and directors of Manrui Biotech in relation to the Acquisition) and LifeHealthcare having obtained the approval of its directors in relation to the Acquisition;
- (c) each of the representations and warranties given by the Vendor and Manrui Biotech under the Agreement remaining true, accurate and complete in all material respects as at the date of completion of the Acquisition;
- (d) there has not been any material adverse change in respect of Manrui Biotech since the date of the Agreement or the occurrence of any incident which will have a material adverse effect on the business, prospects, operating performance or financing and legal position of Manrui Biotech;
- (e) LifeHealthcare being satisfied with all the necessary documents for the registration with the administration for industry and commerce in respect of the equity transfer pursuant to the Agreement provided by the Vendor and Manrui Biotech;
- (f) Manrui Biotech having passed a resolution to set up a board committee which comprises three directors of Manrui Biotech and one of which is appointed by LifeHealthcare; and
- (g) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Consideration Shares.

LifeHealthcare may at any time waive in writing any of the conditions (except the conditions referred to in (b) and (g) above which are not waivable). If the above conditions have not been satisfied (or as the case may be, waived by LifeHealthcare) on or before 30 October 2016, or such later date as Vendor A, Vendor B and LifeHealthcare may agree, the Agreement shall terminate, and none of the parties to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the Acquisition shall take place within five (5) Business Days after the fulfillment or waiver of all conditions precedent set out in the Agreement or such other date as the parties to the Agreement may agree in writing.

Upon completion of the Acquisition, the Company will, through LifeHealthcare, hold 30% indirect equity interest in Manrui Biotech.

INFORMATION OF VENDOR A, VENDOR B AND MANRUI BIOTECH

Vendor A is a PRC resident and is interested in 52.40% equity interest of Manrui Biotech. Vendor A also holds 100% of issued share capital of Super High.

Vendor B is a company established in the PRC with limited liability. It is principally engaged in investment management.

Manrui Biotech was established in the PRC with limited liability. It specialises in high-throughput sequencing and genetic testing technologies, and in particular non-invasive cancer screening and diagnosis. Manrui Biotech has successfully developed diagnostic technologies for detecting circulating tumor cells. As at the date hereof, Manrui Biotech was held as to 52.40% by Vendor A, 20% by Vendor B and 27.60% by two other Independent Third Parties.

Set out below are the key audited financial figures of Manrui Biotech for the two years ended 31 December 2015 prepared according to the PRC accounting standards:

	For the year ended 31 December 2014 (RMB)	For the year ended 31 December 2015 (RMB)
Net profit/(loss) before taxation	(961,085)	(743,111)
Net profit/(loss) after taxation	(961,085)	(743,111)

As at 31 December 2015, Manrui Biotech had net assets amounted to approximately RMB8,421,485 (equivalent to approximately HK\$9,792,424).

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

As stated in the annual report of the Company for the year ended 31 March 2016, the Group has been continuously identifying investment opportunities in order to diversify its existing business and develop new revenue streams to maximise returns to the Shareholders.

The Group has reviewed the possibility of diversifying into the business of research and development of biotechnology in the PRC. The Board believes that the rapid growth of the research and development of the biotechnology industry in the PRC provides an optimum opportunity for the Group to diversify and broaden its business base. The Directors consider that the Acquisition represents a good opportunity for the Group to enter the industry. In particular, the Directors believe that Manrui Biotech has a unique position within the cancer screening and diagnostics industry due to its strong intellectual property particular and its close working relationships with hospitals and universities in the PRC.

In view of the above, the Directors consider that the transactions under the Agreement are on normal commercial terms, and that the terms of the transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

Assuming there being no other change in the shareholding structure of the Company, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issuance of the Consideration Shares:

	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Cherrie Holdings Limited (<i>Note 1</i>)	304,610,860	14.20	304,610,860	12.74
Powerful Software Limited (<i>Note 2</i>)	319,688,000	14.91	319,688,000	13.37
Public Shareholders				
Super High	—	—	81,963,630	3.43
Vendor B (or such other person or company as nominated by it)	—	—	163,927,260	6.86
Other public Shareholders	<u>1,520,122,900</u>	<u>70.89</u>	<u>1,520,122,900</u>	<u>63.60</u>
Total	<u>2,144,421,760</u>	<u>100</u>	<u>2,390,312,650</u>	<u>100</u>

Notes:

- Cherrie Holdings Limited is wholly-owned by Mr. Wang Liang, a non-executive Director. Mr. Wang Liang is therefore deemed to be interested in the Shares held by Cherrie Holdings Limited.
- Powerful Software Limited is owned as to 35% and 65% by Gorgeous Moment Holdings Limited and Merry Cycle Enterprises Limited, respectively, whereas Gorgeous Moment Holdings Limited is wholly-owned by Ms. Shan Hua, an executive Director, and Merry Cycle Enterprises Limited is wholly-owned by Mr. Hua Yunbo, an executive Director.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed(s) 5% but is/are less than 25%, the Acquisition constitutes a discloseable transaction for the Company, and is subject to the notification and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

Manrui Biotech is a substantial shareholder, holding 40% equity interest, of LifeHealthcare (Hangzhou) as at the date of this announcement. LifeHealthcare (Hangzhou) is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules, and therefore Manrui Biotech and its ultimate beneficial owners are not connected persons of the

Company. Therefore, the entering into of the Agreement, and the Acquisition contemplated thereunder, do not constitute a connected transaction under Chapter 14A of the Listing Rules.

GENERAL

As the Acquisition is subject to the fulfillment (or waiver, if applicable) of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of 30% equity interest in Manrui Biotech by LifeHealthcare from Vendor A and Vendor B pursuant to the terms of the Agreement;
“Agreement”	the agreement dated 1 August 2016 entered into among LifeHealthcare, Vendor A, Manrui Biotech, the Company, Super High and Vendor B in respect of the Acquisition, further details of which are set out in the ancillary agreements among the relevant parties;
“Board”	the board of Directors;
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which banks in the PRC are open for business in the PRC generally throughout their normal business hours;
“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;
“Consideration”	the aggregate consideration of RMB60,000,000 payable by the Group in respect of the Acquisition under the Agreement;
“Consideration Share(s)”	the aggregate of the Consideration Shares A and the Consideration Shares B, and a “Consideration Share” shall be construed accordingly;
“Consideration Shares A”	81,963,630 Shares to be allotted and issued by the Company to Super High to settle part of the Consideration;
“Consideration Shares B”	163,927,260 Shares to be allotted and issued by the Company to Vendor B (or its nominee) to settle part of the Consideration;

“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 7 August 2015;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and being having made all reasonable enquiries, are not connected persons of the Company under the Listing Rules and are independent of the Company and its connected persons;
“Last Trading Day”	1 August 2016, being the last trading day for the Shares on the Stock Exchange before the release of this announcement;
“LifeHealthcare”	LifeHealthcare (Beijing) Co., Ltd.* (蓮和(北京)醫療科技有限公司), a company established in the PRC with limited liability, in which the Group has effective control by virtue of certain structured contracts as at the date of this announcement;
“LifeHealthcare (Hangzhou)”	LifeHealthcare (Hangzhou) Co., Ltd.* (杭州蓮和醫學檢驗所有限公司), a company established in the PRC with limited liability, which is a non-wholly owned subsidiary of LifeHealthcare as at the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange of Hong Long Limited;
“Manrui Biotech”	Guangzhou Manrui Biotech Company Limited* (廣州漫瑞生物信息技術有限公司), a company established in the PRC with limited liability;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“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 Share(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Super High”	Super High Global Limited, a limited liability company incorporated in the British Virgin Islands, which is wholly-owned by Vendor A;
“Vendor A”	Mr. Wang Xiaogang (王曉崗), a PRC resident and an Independent Third Party;
“Vendor B”	Hangzhou Yayun Investment Management Company Limited* (杭州雅韻投資管理有限公司), a company established in the PRC with limited liability and an Independent Third Party; and
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.86 = HK\$1.00. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

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

Hong Kong, 1 August 2016

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

Executive Directors:

Mr. Hua Yunbo (*Chairman*)
Ms. Shan Hua

Independent non-executive Directors:

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

Non-executive Directors:

Mr. Wang Liang (*Vice Chairman*)
Dr. Feng Xiaogang

* *For identification purpose only*