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## **TACK FIORI INTERNATIONAL GROUP LIMITED**

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

**(Stock Code: 928)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE AND CHANGE OF BOARD LOT SIZE**

**Financial adviser to the Company**



**英皇融資有限公司**  
Emperor Capital Limited

**Underwriter to the Rights Issue**



**英皇證券(香港)有限公司**  
Emperor Securities Limited

#### **PROPOSED RIGHTS ISSUE**

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.126 per Rights Share, to raise approximately HK\$301 million before expenses (assuming no further Shares will be issued or repurchased on or before the Record Date) by way of the allotment and issue of 2,390,312,650 Rights Shares.

The Company will provisionally allot to the Qualifying Shareholders one (1) Rights Share in nil-paid form for every one (1) Share in issue and held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be approximately HK\$290 million. The Company intends to apply net proceeds from the Rights Issue as to (i) approximately HK\$110 million for repayment of outstanding debts (including interests, if any); (ii) approximately HK\$40 million for expansion of its money lending business; (iii) approximately HK\$60 million for expansion of its healthcare business; (iv) approximately HK\$20 million for purchase of equipment and instrument for its existing healthcare business; and (v) the remaining balance of approximately HK\$60 million for general working capital of the Group.

#### **IRREVOCABLE UNDERTAKING AND THE UNDERWRITING AGREEMENT**

Powerful Software, which holds 319,688,000 Shares, representing approximately 13.37% of the existing issued share capital of the Company as at the date of this announcement, has executed an irrevocable and unconditional undertaking in favour of the Company and the Underwriter, pursuant to which Powerful Software has undertaken to, among other things, (i) accept its entitlements to the provisional allotment of 319,688,000 Rights Shares; (ii) procure delivery of the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance; and (iii) not to sell or transfer the Shares owned by it in any manner before the Latest Time for Acceptance or the termination of the Rights Issue.

The Rights Issue is fully underwritten by Emperor Securities. Pursuant to the Underwriting Agreement, Emperor Securities has conditionally agreed to underwrite 2,070,624,650 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

#### **CHANGE OF BOARD LOT SIZE**

The Board proposes that, subject to the completion of the Rights Issue, the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 20,000 Shares with effect from Friday, 10 March 2017. In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services.

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of this announcement, Mr. Hua Yunbo and Ms. Shan Hua, both executive Directors, through Powerful Software hold an aggregate of 319,688,000 Shares, representing approximately 13.37% of the issued share capital of the Company. Consequently, Mr. Hua Yunbo and Ms. Shan Hua and their respective associates (including Powerful Software) will be required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. The Circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 18 January 2017.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and application for excess Rights Shares, and other information in respect of the Group, the PALs and the EAFs are expected to be despatched to the Qualifying Shareholders on or before Thursday, 16 February 2017. The Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Rescission and Termination of the Underwriting Agreement”). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Thursday, 9 February 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 20 February 2017 to Monday, 27 February 2017 (both days inclusive).**

**Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

## **PROPOSED RIGHTS ISSUE**

### **Issue statistics**

Basis of the Rights Issue	:	one (1) Rights Share for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.126 per Rights Share
Number of Shares in issue as at the date of this announcement	:	2,390,312,650 Shares
Number of Rights Shares	:	2,390,312,650 Rights Shares (assuming no further Shares will be issued or repurchased on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue	:	4,780,625,300 Shares

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Assuming no Shares are issued or repurchased on or before the Record Date, the aggregate number of Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 100% of the total number of Shares in issue as at the date of this announcement and will represent approximately 50% of the Shares in issue as enlarged by the Rights Issue.

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.126 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 35.05% to the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 21.25% to the theoretical ex-rights price of approximately HK\$0.160 per Share based on the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 36.62% to the average closing price of approximately HK\$0.199 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. Taking into account of the reasons for the Rights Issue and the use of proceeds as detailed in the section headed "Reasons for the Rights Issue and Use of Proceeds" in this announcement, the Directors (excluding the independent non-executive Directors who will form their views after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price which has been set at a discount to the recent closing prices of the Shares with an objective of encouraging existing Qualifying Shareholders to take up their entitlements, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.121.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar for registration no later than 4:30 p.m. on Friday, 10 February 2017.

### **Closure of register of members**

The register of members of the Company will be closed from Monday, 13 February 2017 to Wednesday, 15 February 2017 (both days inclusive) for determining entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

## **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Acceptance of all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares accepted with the Registrar by the Latest Time of Acceptance.

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If, based on legal opinions provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be extended to such Overseas Shareholders.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro-rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

## **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

## **Share certificates and refund cheques for Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or about Thursday, 9 March 2017 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques



in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or about Thursday, 9 March 2017 by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Application for excess Rights Shares**

Qualifying Shareholders may, by way of excess application, apply for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares can only be made by duly completing and signing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Thursday, 2 March 2017.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the number of Rights Shares comprised in acceptance under PAL or the existing number of Shares held by the Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Beneficial owners with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their own names prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **THE UNDERWRITING AGREEMENT**

On 22 December 2016 (after trading hours), the Company and Emperor Securities entered into the Underwriting Agreement in respect of the underwriting arrangement for the Rights Issue. The principal terms of the Underwriting Agreement are as follows:

Date : 22 December 2016

Underwriter : Emperor Securities

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Emperor Securities and its ultimate beneficial owner(s) are Independent Third Parties.

Total number of Underwritten Shares : 2,070,624,650 Rights Shares (having taken into account the Irrevocable Undertaking and assuming no Shares will be issued or repurchased by the Company on or before the Record Date)

Underwriting commission : Emperor Securities shall receive 2.75% of the aggregate Subscription Price of the number of Rights Shares underwritten by it.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue and, the current and expected market condition. The Board (excluding the independent non-executive Directors who will form their views after reviewing and considering the advice from the Independent Financial Adviser) considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.



## **Rescission and Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination, one or more of the following events or matters shall occur, arise, exist, or come into effect:

- (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Underwriting Agreement;
- (2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring after the signing of the Underwriting Agreement or continuing after the signing of the Underwriting Agreement) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (3) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group;
- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurred after the signing of the Underwriting Agreement;
- (5) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (6) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, PRC or other jurisdiction relevant to any member of the Group, and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs; or
- (7) the Circular and/or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or the Hong Kong Code on Takeovers and Mergers or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company in compliance with the Listing Rules,

which event or events is or are in the reasonable opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole; or

- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares “taken up”; or
- (iii) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon giving of such notice pursuant to the Underwriting Agreement, all obligations of the Underwriter and the Company under the Underwriting Agreement shall cease and terminate (without prejudice to the rights of any party in respect of antecedent breach) provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right before the Latest Time for Termination, the Rights Issue will not proceed.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (1) the passing by the Shareholders (or where appropriate, Independent Shareholders) at the EGM of ordinary resolution(s) to approve the Underwriting Agreement and the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Non-Qualifying Shareholders) and the transactions contemplated thereunder by no later than the Posting Date;
- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (3) the filing and registration of the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Posting Date;
- (5) Powerful Software complying with its obligations under the Irrevocable Undertaking;

- (6) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination; and
- (7) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

The Company shall use all reasonable endeavours to procure the fulfillment of the conditions (1) to (4) by the Latest Time for Acceptance and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the fulfillment of all the conditions precedent.

The conditions (1) to (5) are incapable of being waived by the Underwriter and the Company. The Underwriter may waive the condition (7) in whole or in part by written notice to the Company.

If the conditions precedent set out above are not satisfied (or, if applicable, waived in whole or in part by the Underwriter) by the Latest Time for Acceptance and/or the condition (7) does not remain fulfilled (unless waived by the Underwriter) up to the Latest Time for Termination, the Underwriting Agreement shall terminate and no party will have any claim against any other party for cost, damages, compensation or otherwise save in respect of any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination.

#### **IRREVOCABLE UNDERTAKING FROM POWERFUL SOFTWARE**

Powerful Software, which holds 319,688,000 Shares, representing approximately 13.37% of the existing issued share capital of the Company as at the date of this announcement, has executed an irrevocable and unconditional undertaking in favour of the Company and the Underwriter, pursuant to which Powerful Software has undertaken to, among other things, (i) accept its entitlements to the provisional allotment of 319,688,000 Rights Shares; (ii) procure delivery of the duly completed and signed PALs and all relevant documents to the Registrar with payment therefor in accordance with the terms of the Prospectus Documents on or before the Latest Time for Acceptance; and (iii) not to sell or transfer the Shares owned by it in any manner before the Latest Time for Acceptance or the termination of the Rights Issue.

## EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

<b>Event</b>	<b>Date (2017)</b>
Expected date of despatch of circular together with notice of EGM and proxy form for EGM .....	Wednesday, 18 January
Latest time for lodging transfers of the Shares in order to qualify for attendance and voting at the EGM.....	4:30 p.m. on Thursday, 2 February
Register of members closed (both dates inclusive) .....	Friday, 3 February to Tuesday, 7 February
Latest time for lodging proxy forms for the EGM.....	10:30 a.m. on Sunday, 5 February
Expected date and time of the EGM.....	10:30 a.m. on Tuesday, 7 February
Announcement of the poll results of the EGM .....	Tuesday, 7 February
Last day of dealing in the Shares on cum-rights basis .....	Wednesday, 8 February
First day of dealings in the Shares on ex-rights basis .....	Thursday, 9 February
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue.....	4:30 p.m. on Friday, 10 February
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive).....	Monday, 13 February to Wednesday, 15 February
Record Date for the Rights Issue .....	Wednesday, 15 February
Re-opening of the register of members of the Company .....	Thursday, 16 February
Expected date of despatch of Prospectus Documents.....	Thursday, 16 February

<b>Event</b>	<b>Date (2017)</b>
First day of dealings in nil-paid Rights Shares .....	Monday, 20 February
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Wednesday, 22 February
Last day of dealings in nil-paid Rights Shares .....	Monday, 27 February
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares .....	4:00 p.m. on Thursday, 2 March
Latest time for termination of the Underwriting Agreement.....	4:00 p.m. on Tuesday, 7 March
Announcement for allotment results of the Rights Issue .....	Wednesday, 8 March
Despatch of certificates for the fully-paid Rights Shares .....	Thursday, 9 March
Despatch of refund cheques for wholly or partly unsuccessful applications for excess Rights Shares or if the Rights Issue is terminated.....	Thursday, 9 March
Effective date of change of board lot size from 4,000 Shares to 20,000 Shares.....	Friday, 10 March
Dealings in fully-paid Rights Shares commence.....	9:00 a.m. on Friday, 10 March
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares .....	9:00 a.m. on Friday, 10 March
Last day for designated broker to provide matching services for sale and purchase of odd lots of Shares .....	4:00 p.m. on Friday, 31 March

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Rights Issue (assuming no further Shares will be issued or repurchased on or before the Record Date):

	As at date of this announcement		Assuming all Shareholders take up the Rights Shares		Upon completion of the Rights Issue Assuming no Shareholder takes up the Right Shares except Powerful Software (Note 3)	
	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>	<i>no. of Shares</i>	<i>%</i>
Powerful Software ( <i>Note 1</i> )	319,688,000	13.37	639,376,000	13.37%	639,376,000	13.37%
Cherrie Holdings Limited ( <i>Note 2</i> )	304,610,860	12.74	609,221,720	12.74%	304,610,860	6.37%
The Underwriter	0	0.00	0	0.00%	2,070,624,650	43.31%
Public Shareholder	<u>1,766,013,790</u>	<u>73.88</u>	<u>3,532,027,580</u>	<u>73.88%</u>	<u>1,766,013,790</u>	<u>36.94%</u>
<b>Total</b>	<u><u>2,390,312,650</u></u>	<u><u>100.00</u></u>	<u><u>4,780,625,300</u></u>	<u><u>100.00%</u></u>	<u><u>4,780,625,300</u></u>	<u><u>100.00%</u></u>

### Notes:

1. Powerful Software is owned as to 65% and 35% by Merry Cycle Enterprises Limited and Gorgeous Moment Holdings Limited respectively. Merry Cycle Enterprises Limited is wholly-owned by Mr. Hua Yunbo while Gorgeous Moment Holdings Limited is wholly-owned by Ms. Shan Hua. Mr. Hua Yunbo and Ms. Shan Hua are executive Directors.
2. Cherrie Holdings Limited is wholly-owned by Mr. Wang Liang, who has resigned as a Director on 22 August 2016.
3. For illustrative purpose only. In circumstances where the Rights Issue were to become unconditional and Emperor Securities was obliged to take up all its commitment to the relevant number of Underwritten Shares in accordance with the Underwriting Agreement, its underwriting commitment would amount to a stake of approximately 43.31% of the share capital of the Company as enlarged by the issue of the Rights Shares. Emperor Securities will sub-underwrite its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of Emperor Securities and its sub-underwriters (i) will be a third party independent of, not acting in concert with and will not be connected with the Directors, chief executive or substantial Shareholders of the Company or their respective associates; and (ii) will not, together with party(ies) acting in concert with each of them or their respective associates, hold in aggregate 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue.



## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Group principally engages in (i) 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 in Hong Kong; and (iv) forthcoming expansion to healthcare and money lending businesses. The gross proceeds and net proceeds from the Rights issue will be approximately HK\$301 million and HK\$290 million respectively.

The Company intends to apply net proceeds from the Rights Issue as to,

- (i) approximately HK\$110 million for repayment of outstanding debts (including interest, if any) which were advanced to the Group for its money lending business;
- (ii) approximately HK\$40 million for expansion of its money lending business;
- (iii) approximately HK\$60 million for expansion of its healthcare business;
- (iv) approximately HK\$20 million for purchase of equipment and instrument for its existing healthcare business; and
- (v) the remaining balance of approximately HK\$60 million for general working capital of the Group.

### **Money lending business**

With approximately HK\$40 million being allocated for expansion of money lending business upon completion of the Rights Issue, the loan portfolio of the Company is expected to increase from approximately HK\$110 million to HK\$150 million. Proceeds from repayment of existing loans are intended to be re-employed in the money lending business by advancing them as loans to borrowers. The Company intends to focus on Hong Kong and PRC markets and broaden its customer base by leveraging on its existing clientele and exploring new customers through other channels.

The Group has obtained the money lending license to carry out the money lending business on 22 November 2016. The Directors are of the view that developing money lending business is in the interests of the Company and the Shareholders as a whole.

## Healthcare business

### *Transition Service for hospitals*

A summary of the business operation of the provision of transition service by TJ Healthcare for hospitals is set out below:

**Nature of service:** The Group uses its self-developed software to convert health enquiries from the public (as collected from various suppliers, i.e. owners of websites/mobile applications) into a user-friendly format and send to the customers (i.e. hospital) according to location and types of health enquiries requested by hospitals, such that doctors can save time in negotiating with various suppliers and answer the health enquiries on the hospitals' own platform directly.

With reference to the subscription orders from the hospitals to TJ Healthcare, health enquiries on gynecology and andrology account for approximately 85% of total health enquiry subscriptions.

**Revenue:** Revenue is recognized according to the number of health enquiries subscribed and used by the hospitals.

**Customers:** Hospitals

**Suppliers:** Individual mobile application/website providers who maintain and provide application/website platforms. As at the date of this announcement, the Company has engaged owner of three mobile applications, namely 男性私人醫生 (Male Private Doctor\*), 女性私人醫生 (Female Private Doctor\*) and 兩性私人醫生 (Bisexual Private Doctor\*).

### *Genetic testing and health data analysis services*

The Group intends to use approximately HK\$60 million for expanding the clinical laboratory network of healthcare business by establishing or acquiring three new clinical laboratories with the average investment amount of approximately HK\$20 million for each clinical laboratory. Should the possible acquisition of clinical laboratory constitutes notifiable transaction(s) of the Company, further announcement(s) will be made by the Company as and when appropriate in compliance with the requirements of the Listing Rules.

As disclosed in the interim report of the Company for the six months ended 30 September 2016, Beijing LifeHealthcare Technology Co. Ltd 北京蓮和無限醫療科技有限公司 (“Beijing Lianhe”), a 100% owned subsidiary of the Company, entered into an exclusive cooperation agreement, an exclusive call option agreement, a power of attorney and a share pledge agreement (together, the “VIE Agreements” and each a “VIE Agreement”) with LifeHealthcare (Beijing) Co. Ltd 蓮和(北京)醫療科技有限公司 (“LifeHealthcare”) and the two registered shareholders of LifeHealthcare who hold all the equity capital of LifeHealthcare for the development of genetic testing and health data analysis services in the PRC. Pursuant to the Catalog of Industries for Foreign Investment (2015 Amendment) issued by the National Development and Reform Commission and the Ministry of Commerce of the PRC on 10 March 2015 and effected on 10 April 2015, the “development and application of human stem cells and genetic diagnosis therapy technology” is listed as an item in the forbidden catalog for foreign investment. The Group entered into the VIE Agreements, through which the Group has provided services to LifeHealthcare and received services fees accordingly, and pursuant to which Beijing Lianhe has obtained effective control over LifeHealthcare and the right to receive substantially all of LifeHealthcare’s economic benefits. As a result of the VIE Agreements, LifeHealthcare’s financials and results of operations, together with those of its subsidiaries, are consolidated into the Company’s consolidated financial statements as wholly-owned subsidiaries of the Company. A summary of the business operation of the provision of genetic testing and health data analysis services is set out below:

Nature of service: genetic testing and health data analysis services with noninvasive tumor gene detection technology, which detect, quantify and track the occurrence and development of cancer cells through the extraction of Circulating-Tumor DNA (“ctDNA”) from blood serum samples

Revenue: upon obtaining 醫療機構執業許可證 (The Practice License of Medical Institution\*) by around January 2017, clinical laboratories of the Group can commence provision of such testing services to its clients. Fees are charged according to the nature and type of services provided.

- Customers:
- (i) physical examination centers, which will pass blood serum samples of customers for testing services;
  - (ii) corporate clients which provides physical check-ups for senior staffs;
  - (iii) hospital patients referred by intermediaries for medical treatment; and
  - (iv) individuals for health purpose
- Suppliers: Equipment, instruments, sequencing platform and reagent providers, such as Illumina, Life Technologies, Beckman Coulter and Agilent

The Directors are of the view that the Rights Issue would facilitate the repayment of outstanding loan and interest (if any) by the Group, which would in turn enhance the financial position of the Group by lowering the interest expense of the Group, allows additional working capital to the Group in carrying on and expansion of its businesses and will also broaden the capital and shareholder base of the Group. The Directors (excluding the independent non-executive Directors who will form their views after receiving and considering the advice from the Independent Financial Adviser) also consider that the terms of the Rights Issue, including the rate of the underwriting commission, are fair and reasonable based on current market conditions. Accordingly, the Board (excluding the independent non-executive Directors who will form their views after receiving and considering the advice from the Independent Financial Adviser) considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Based on the current estimates and cashflow forecast, the Company believes that the proceeds from the Rights Issue can satisfy the Company's expected funding needs for the next 12 months. As such, as at the date of this announcement, the Company does not have any plans to conduct further rights issue or other fund raising activities in the next 12 months.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

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

## **CHANGE OF BOARD LOT SIZE**

The Board proposes that, subject to completion of the Rights Issue, the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 20,000 Shares with effect from Friday, 10 March 2017.

Based on the closing price of the Shares on the Last Trading Day of HK\$0.194, the theoretical ex-rights price of each Share is HK\$0.160. On the basis of such theoretical ex-rights price and the new board lot size of 20,000 Shares, the new board lot value would be HK\$3,200.

## **ODD LOT MATCHING SERVICES**

In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services during 9:00 a.m. on Friday, 10 March 2017 to 4:00 p.m. on Friday, 31 March 2017 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Further details in respect of the odd lots arrangement will be set out in the Circular.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of this announcement, Mr. Hua Yunbo and Ms. Shan Hua, both executive Directors, through Powerful Software hold an aggregate of 319,688,000 Shares, representing approximately 13.37% of the issued share capital of the Company. Consequently, Mr. Hua Yunbo and Ms. Shan Hua and their respective associates (including Powerful Software) will be required to abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. The Circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 18 January 2017.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and application for excess Rights Shares, and other information in respect of the Group, the PALs and the EAFs are expected to be despatched to the Qualifying Shareholders on or before Thursday, 16 February 2017. The Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the subparagraph headed “Rescission and Termination of the Underwriting Agreement”). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Thursday, 9 February 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 20 February 2017 to Monday, 27 February 2017 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**



## DEFINITION

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders in relation to, among other things, the Rights Issue and containing the notice of the EGM
“Company”	Tack Fiori International Group Limited, a company incorporated in Cayman Islands with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 928)
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Rights Issue (including the Underwriting Agreement) and any transaction contemplated thereunder
“Emperor Securities”/ “Underwriter”	Emperor Securities Limited, a licensed corporation to carry out business in type 1 (dealings in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established for the purpose of giving recommendations to the Independent Shareholders in respect of the Rights Issue
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company for the purpose of giving recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third parties independent of and not connected with the Company and connected person(s) (as defined under the Listing Rules) of the Company
“Irrevocable Undertaking”	the irrevocable undertaking dated 22 December 2016 executed by Powerful Software in favour of the Company and the Underwriter
“Last Trading Day”	22 December 2016, being the last trading day of the Shares on Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 2 March 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 7 March 2017, being the third Business Day after (but excluding) the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to extend the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Thursday, 16 February 2017 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Powerful Software”	Powerful Software Limited, a company incorporated in British Virgin Islands with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 15 February 2017, being the date with reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every one (1) Share in issue and held on the Record Date at the Subscription Price per Rights Share on the terms and subject to the conditions set out in the Underwriting Agreement and to be set out in the Prospectus Documents
“Rights Share(s)”	2,390,312,650 Shares to be issued and allotted under the Rights Issue
“Registrar”	Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Company’s branch share registrar in Hong Kong

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which render any of the warranties contained in the Underwriting Agreement untrue, inaccurate or misleading
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.126 per Rights Share
“TJ Healthcare”	天津蓮和軟件開發有限公司 (Tianjin LifeHealthcare Software Development Co., Ltd*), a wholly owned subsidiary of the Company incorporated in PRC
“Underwriting Agreement”	the underwriting agreement dated 22 December 2016 entered into between the Company and Emperor Securities in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	2,070,624,650 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent

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

Hong Kong, 22 December 2016

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

*Executive Directors:*

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

*Non-executive Director:*

Dr. Feng Xiaogang

*Independent non-executive Directors:*

Mr. Liu Xinghua  
Mr. Zhou Jian  
Mr. Zheng Chunlei  
Ms. Zhang Xuyang

\* *For identification purpose only*