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## **TACK FIORI INTERNATIONAL GROUP LIMITED**

(previously known as Tack Fat Group International Limited)

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 00928)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



**結好證券有限公司**  
**GET NICE SECURITIES LIMITED**

#### **Placing of up to 459,738,927 new Shares under general mandate**

The Board announced that on 23 December 2011, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place for up to 459,738,927 new Shares on a best effort basis, to not less than six Placees, at a price of HK\$0.10 per Share.

The maximum number of 459,738,927 Placing Shares under the Placing represents approximately 18.23% of the existing issued share capital of the Company of 2,522,273,478 Shares as at the date of this announcement and approximately 15.42% of the then issued share capital of 2,982,012,405 Shares as enlarged by the Placing.

The Placing Price of HK\$0.10 represents (i) a discount of approximately 15.25% to the closing price of the Shares of HK\$0.118 quoted on the Stock Exchange on 23 December 2011, being the date of the Placing Agreement and (ii) a discount of approximately 11.35% to the average closing price of the Shares of HK\$0.1128 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 23 December 2011.

The maximum gross proceeds from the Placing will be approximately HK\$46 million and the maximum net proceeds from the Placing will be approximately HK\$44 million which will be used as general working capital as well as to develop retail business opportunities.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING**

The Board announced that on 23 December 2011, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place for up to 459,738,927 new Shares on a best effort basis, to not less than six Placees, at a price of HK\$0.10 per Share.

## **THE PLACING AGREEMENT**

### **Date:**

23 December 2011

### **Issuer:**

The Company

### **Placing Agent and Placees:**

Get Nice Securities Limited is the Placing Agent. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

The Placees, being independent individual, corporation and/or institutional investors, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons.

The Placing is on a best effort basis. The Placing Shares will be placed to not less than six Placees. It is expected that none of the Placees will become substantial Shareholder of the Company immediately after the Placing.

### **Number of Placing Shares:**

The maximum number of 459,738,927 Placing Shares under the Placing represents approximately 18.23% of the existing issued share capital of the Company of 2,522,273,478 Shares as at the date of this announcement and approximately 15.42% of the then issued share capital of 2,982,012,405 Shares as enlarged by the Placing.

**Ranking of Placing Shares:**

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

**Placing Price:**

The Placing Price of HK\$0.10 represents (i) a discount of approximately 15.25% to the closing price of the Shares of HK\$0.118 quoted on the Stock Exchange on 23 December 2011, being the date of the Placing Agreement; and (ii) a discount of approximately 11.35% to the average closing price of the Shares of HK\$0.1128 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 23 December 2011.

The maximum net placing price for the Placing is approximately HK\$0.096 per Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and is in the interests of the Company and the Shareholders as a whole.

**Placing commission payable to the Placing Agent:**

The Placing Agent will receive a placing commission calculated as 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

**Conditions of the Placing Agreement:**

Completion is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

If the conditions are not fulfilled on or prior to 30 March 2012 (or such later date as the Company and the Placing Agent shall agree in writing), the Placing Agreement and all the obligations thereunder will cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

**Termination and force majeure events**

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Placing Agreement, in the absolute opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or
- (ii) any of the following events:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or

- (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (d) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the People's Republic of China (the "PRC") or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

**General Mandate:**

The Placing Shares will be allotted and issued pursuant to the refreshed general mandate granted to the Directors at the annual general meeting held on 30 September 2011. Under this refreshed general mandate, the Directors are allowed to allot and issue up to 459,738,927 Shares. As at the date of this announcement, no Shares have been issued and allotted under such general mandate and therefore, the Company is allowed to issue a maximum of 459,738,927 Shares under such general mandate. The Placing Shares will utilize 100% of the said 459,738,927 Shares that are allowed to be allotted and issued under such general mandate. Accordingly, the Directors may consider refreshment of general mandate before the forthcoming annual general meeting if thought fit and comply with the relevant requirements under the Listing Rules.

**Completion:**

Completion of the Placing shall take place on the second Business Day upon the fulfillment of the conditions of the Placing (or such other time or date as the Company and the Placing Agent shall agree in writing).

**The Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is principally engaged in (i) apparel retail business under the brand name “XXEZZ” in the PRC and (ii) luxury goods and accessories retail business in Hong Kong and PRC. The maximum gross proceeds from the Placing will be approximately HK\$46 million and the maximum net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) of approximately HK\$44 million will be used as general working capital as well as to develop retail business opportunities.

The Directors have considered different types of fund raising arrangement such as rights issue and open offer and the Directors consider that the Placing is the most efficient way in terms of cost and time involved for the Company. In the meantime, the Company can take this opportunity to broaden the capital base and shareholders base of the Company.

In view of the impending slowdown in China’s growth and the escalating economic crisis in Europe which may adversely affect the business environment of the Group, the Board is of the view that it is important and more prudent to have more financial flexibility and more capital for the Group’s business expansion, as well as more cash buffer against adverse business environment. Accordingly, the Directors consider the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
23 July 2010	Open offer of 15,001,474,104 offer shares at the subscription price of HK\$0.01 per offer share on the basis of 339 offer shares for every five reorganized shares, which was completed on 5 August 2011	approximately HK\$146 million	All the proceeds will be applied for general working capital and cash buffer for any adverse business conditions and/or hidden costs that the Company might not be fully aware of.	Approximately HK\$27 million had been utilised as general working capital for the Group; HK\$16 million had been applied as acquisition of Z & Z International Limited which is a group of companies engaged in retail business; and approximately HK\$103 million is maintained at bank.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
23 July 2010	Investor subscription agreement in relation to the investor convertible bonds in the principal of HK\$100,000,000 with zero coupon and 3-year tenure, which was completed on 5 August 2011	approximately HK\$100 million	(i) Repayment of the working capital loan of HK\$10 million provided by Radford Developments Limited to the Company under the exclusivity and escrow agreement; (ii) payment of fees and costs of HK\$16 million incurred by the Company in negotiation, documentation and implementation of the restructuring of the Group; (iii) repayment of a revolving facility of HK\$15 million; (iv) payment of a sum of HK\$50 million to the Scheme Administrators* for the benefit of the Scheme Creditors* and New Profit* for the benefit of the New Profit Stakeholders* respectively; and (v) remaining of HK\$9 million will be applied towards the working capital requirements of the restructured Group. Used as intended as stated in (i) to (v).	Used as intended as stated in (i) to (v).

\* Capitalised term used herein shall have same meaning as those defined in a circular dated 28 June 2011 issued by the Company.

## SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing are set out as below, for illustration purposes:

	As at the date of this announcement		Upon completion of the Placing	
	No. of Shares	Approximately %	No. of Shares	Approximately %
<b>Substantial Shareholders</b>				
Radford Developments Limited (Note 1)	675,000,000	26.76	675,000,000	22.63
<b>Public Shareholders</b>				
Placees	—	—	459,738,927	15.42
Other public Shareholders	1,847,273,478	73.24	1,847,273,478	61.95
<b>Total</b>	<u>2,522,273,478</u>	<u>100.00</u>	<u>2,982,012,405</u>	<u>100.00</u>

*Notes:*

1. Radford Developments Limited, a company incorporated in the British Virgin Islands with limited liability.
2. Assuming no other issue of new Shares and no repurchase of existing Shares before completion of the Placing, and Placing Agent has placed the maximum number of the Placing Shares being 459,738,927 new Shares to not less than six independent Placees.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	Tack Fiori International Group Limited (previously known as Tack Fat Group International Limited) (Stock Code: 0928), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual, corporation and/or institutional investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of up to 459,738,927 new Shares on best effort basis by the Placing Agent at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 23 December 2011 in respect of the Placing
“Placing Price”	HK\$0.10 per Share
“Placing Shares”	a maximum number of 459,738,927 new Shares to be placed under the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**TACK FIORI INTERNATIONAL GROUP LIMITED**  
 (previously known as Tack Fat Group International Limited)  
**Liu On Bong, Peter**  
*Vice Chairman*

Hong Kong, 23 December 2011

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

*Executive Directors:*

Mr. Chiu Siu Po (*Chairman*)  
 Mr. Liu On Bong, Peter (*Vice Chairman*)  
 Mr. Chan Chak Kai, Kenneth  
 Mr. Wan Wai Hei, Wesley  
 Mr. Au Wai June

*Independent Non-Executive Directors:*

Dr. Leung Shiu Ki, Albert  
 Mr. Robert James Iaia II  
 Ms. Lam Yan Fong, Flora  
 Mr. Yau Yan Ming, Raymond  
 Mr. Miu H., Frank