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TACK FIORI INTERNATIONAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

INTERIM RESULTS

The board (the "Board") of directors (the "Director(s)") of Tack Fiori International Group Limited (the "Company") announced the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2016, together with comparative figures for the corresponding period, which have been reviewed by the Company's audit committee (the "Audit Committee"), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016
(Amounts expressed in Hong Kong dollars)

	Notes	Unaudited Six months ended 30 September 2016 $'000	2015 $'000
Turnover	4	**7,386**	4,352
Cost of sales and services		**(4,999)**	(1,270)
Gross profit		**2,387**	3,082
Other income and gain		**443**	715
Selling and distribution costs		**(562)**	(752)
Administrative and other operating expenses		**(17,101)**	(19,439)
Finance costs		**(103)**	–
Share of results of an associate	17	**(76)**	–
Impairment on goodwill	5	**–**	(3,842)
Impairment on inventories	6	**–**	(879)
Loss before taxation	7	**(15,012)**	(21,115)
Income tax	8	**(247)**	(4)
Loss for the period		**(15,259)**	(21,119)
Other comprehensive expense that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translations		**(1,534)**	(1,248)
Total comprehensive expense for the period		**(16,793)**	(22,367)
Loss for the period attributable to:			
Owners of the Company		**(14,573)**	(21,119)
Non-controlling interests		**(686)**	–
		(15,259)	(21,119)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(16,115)**	(22,367)
Non-controlling interests		**(678)**	–
		(16,793)	(22,367)
Loss per share	9		
— Basic and diluted		**0.65 cent**	0.98 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016
(Amounts expressed in Hong Kong dollars)

	Notes	**Unaudited 30 September 2016 $'000**	Audited 31 March 2016 $'000
Non-current assets			
Property, plant and equipment		**4,480**	1,212
Prepayment for acquisition of property, plant and equipment		**5,258**	–
Interest in an associate	*17*	**64,920**	–
		74,658	1,212
Current assets			
Prepayments for acquisition of intangible asset	*10*	**–**	12,485
Financial assets at fair value through profit or loss	*11*	**29,070**	–
Inventories		**2,780**	2,158
Trade and other receivables	*12*	**11,348**	4,481
Loans receivable	*13*	**79,965**	–
Bank balances and cash		**52,333**	65,810
		175,496	84,934
Current liabilities			
Other payables		**12,929**	1,331
Loan from a director	*14*	**10,000**	20,000
Loans from shareholders	*14*	**50,300**	–
Loans payable	*15*	**65,233**	–
Tax payable	*8*	**243**	–
		138,705	21,331
Net current assets		**36,791**	63,603
NET ASSETS		**111,449**	64,815
CAPITAL AND RESERVES			
Share capital	*16*	**23,903**	21,444
Reserves		**86,270**	43,371
Total Equity Attributable to Owners of the Company		**110,173**	64,815
Non-controlling interests		**1,276**	–
TOTAL EQUITY		**111,449**	64,815

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

1 GENERAL

Tack Fiori International Group Limited (the "Company", together with its subsidiaries, the "Group") was incorporated in the Cayman Islands on 12 March 2001. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Room 2201, 22th Floor, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong.

The Company is principally engaged in investment holding. The Group is principally engaged in (i) healthcare services in the People's Republic of China (the "PRC"); (ii) development and promotion of education software products and provision of technical support services in the PRC; (iii) sale of apparel in the PRC; (iv) securities trading and investments business in Hong Kong; and (v) loan financing business.

The presentation currency of the unaudited condensed consolidated financial statements is Hong Kong dollars ("HK$"). For the convenience of the unaudited condensed consolidated financial statements users, the results and financial position of the Group are presented in HK$ as the Company's shares are listed on The Stock Exchange of Hong Kong Limited. All values are rounded to the nearest thousand ($'000) except otherwise indicated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3 PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for the financial assets at fair value through profit and loss that are measured at the fair values at the end of each reporting period.

Except as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of an associate are incorporated in these condensed consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in an associate is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's condensed consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2012–2014 Cycle*

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Structure Contracts

During the current interim period, 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.

LifeHealthcare was established by the Group on 22 February 2016 and its principal activities are providing of genetic testing and health data analysis services (the "Relevant Business"). 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 People's Republic of China 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.

The Company will make detailed disclosures concerning the VIE Agreements in its annual report.

4 TURNOVER AND 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.

The Group is organised into the following five major operating segments, each of which represents an operating and reportable segment of the Group:

(i) Healthcare services

(ii) Education software products and related services business

(iii) Sale of apparel

(iv) Securities trading and investments

(v) Loan financing business

The healthcare services and loan financing business segments are new operating segments as a result of the commencement of these new operatings in the current interim period.

During the current interim period, the healthcare services segment was principally engaged in the provision of technical services to hospitals by enabling hospitals to provide consultation services to their potential customers. The loan financing segment principally earns interest income from loans advanced to its customers.

The following is an analysis of the Group's turnover and results by reportable and operating segments:

For the six months ended 30 September 2016 (Unaudited)

	Healthcare service *$'000*	Education software products and related services business *$'000*	Sale of apparel *$'000*	Securities trading and investments *$'000*	Loan financing business *$'000*	Total *$'000*
Segment revenue	4,830	1,311	489	–	756	7,386
Intra-segment revenue	–	–	–	–	–	–
Consolidated revenue from external customers	4,830	1,311	489	–	756	7,386
Segment result	(3,699)	(1,685)	(1,642)	(6)	743	(6,289)
Unallocated corporate expenses						(8,649)
Finance costs						(103)
Other income and gain						29
Loss before taxation						(15,012)

For the six months ended 30 September 2015 (Unaudited)

	Education software products and related services business *$'000*	Sale of apparel *$'000*	Securities trading and investments *$'000*	Total *$'000*
Segment revenue	4,204	148	–	4,352
Intra-segment revenue	–	–	–	–
Consolidated revenue from external customers	4,204	148	–	4,352
Segment result	(3,769)	(3,001)	(8)	(6,778)
Unallocated corporate expenses				(14,839)
Other income and gain				502
Loss before taxation				(21,115)

Segment loss represents the loss resulted in each segment without allocation of other income and gain and unallocated corporate expenses. This is the measure for reporting to the Group's CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the Group's CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

5 IMPAIRMENT ON GOODWILL

The goodwill was related to the cash-generating unit of education software products and related services business. As the recoverable amount of the cash-generating unit of education software products and related services business was lower than its carrying amount as at 30 September 2015, the goodwill was fully impaired during the six months ended 30 September 2015.

6 IMPAIRMENT ON INVENTORIES

At the end of the reporting period, the directors of the Company had performed a detailed review on the analysis of aged inventories of the Group and no impairment loss on inventories was required for the period ended 30 September 2016. For the period ended 30 September 2015, HK$879,000 impairment was provided for the aged inventories of the sale of apparel business.

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Cost of inventories recognised as expenses	**940**	1,145
Depreciation of property, plant and equipment	**976**	402
Loss on disposal of property, plant and equipment	**224**	15
Bank interest income	**(29)**	(502)
Legal and professional fees and expenses	**1,029**	8,243

8 INCOME TAX

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Taxation attributable to the Company and its subsidiaries:		
Current tax		
Hong Kong *(note i)*	**90**	–
PRC Enterprise Income Tax ("EIT") *(note ii)*	**157**	4
	247	4

Notes:

(i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both interim periods.

(ii) PRC EIT is calculated at 25% of estimated assessable profits for both interim periods.

9 LOSS PER SHARE

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

	Unaudited Six months ended 30 September	
	2016	2015
	$'000	*$'000*
Loss		
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	**14,573**	21,119
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares during the period for the purposes of basic and diluted loss per share	**2,256,165**	2,144,421

There were no share options outstanding during the six months period ended 30 September 2016 and 2015.

10 PREPAYMENTS FOR ACQUISITION OF INTANGIBLE ASSET

The balance as at 31 March 2016 represented the prepayments for the rights of distribution and marketing of the mobile versions of two games. However, the distribution agreements were terminated on 3 June 2016 and the prepayments were fully refunded during the period ended 30 September 2016.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The amount as at 30 September 2016 represents an investment of principal amount of RMB25,000,000(equivalent to HK$29,070,000) in a structured financial product issued by a state-owned bank in the PRC with variable return and with a maturity date on 24 October 2016. The structured financial product is designated at FVTPL on initial recognition as it contains non-closely related embedded derivative. The gross proceed received on maturity date was RMB25,443,900 (equivalent to HK$29,138,000). The directors consider the fair value of the structured financial product approximate to its purchase cost as at 30 September 2016.

12 TRADE AND OTHER RECEIVABLES

	At 30 September 2016 $'000 (unaudited)	At 31 March 2016 $'000 (audited)
Trade receivables	**2,323**	3,262
Other receivables	**9,025**	1,219
Total trade and other receivables	**11,348**	4,481

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 the 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:

	At 30 September 2016 $'000 (unaudited)	At 31 March 2016 $'000 (audited)
Within 90 days	**2,323**	56
91–180 days	**–**	6
181–365 days	**–**	1,632
Over 1 year	**–**	1,568
	2,323	3,262

13 LOANS RECEIVABLE

Loans receivable at the end of the reporting period represented loans advanced to certain independent third parties bearing interest at rates ranging from 9% to 19% per annum. The grants of these loans were approved and monitored by the Group's management. As at 30 September 2016, certain loans receivable with an aggregate carrying amount of HK$20,000,000 were secured by the pledge of residential property as collateral and HK$59,965,000 (30 September 2015: Nil) were with personal guarantees provided by certain independent third parties.

The loans granted by the Group to its customers in the loan financing business are normally of 3 months duration. The following is an ageing analysis of loans receivable presented based on the drawn down date of loans by customers at the end of the reporting period:

	At 30 September 2016 $'000	At 31 March 2016 $'000
Within 90 days	**79,965**	–

14 LOAN(S) FROM A DIRECTOR/SHAREHOLDERS

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

15 LOANS PAYABLE

The amounts outstanding as at 30 September 2016 represents loans drawn from certain independent third parties bearing interest at rates ranging from 4.35% to 8% per annum, unsecured and repayable within one year from the drawn down date.

16 SHARE CAPITAL

	Number of shares *'000*	**Share capital** *$'000*
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 April 2015, 30 September 2015, 1 April 2016 and 30 September 2016	50,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 April 2015 *(audited)*, 30 September 2015 *(unaudited)* and 1 April 2016 *(audited)*	2,144,421	21,444
Issue of shares for acquisition of an associate	245,891	2,459
At 30 September 2016 *(unaudited)*	2,390,312	23,903

17 INTEREST IN AN ASSOCIATE

On 5 August 2016, the Group acquired 30% equity interest in Guangzhou Manrui Biotech Company Limited ("Manrui Biotech") from two independent third parties at an agreed consideration that comprised of cash of RMB3,750,000 (equivalent to HK$4,360,000) and 245,890,890 shares of HK$0.01 each being issued by the Company. Manrui Biotech specialises in research and development of gene testing technologies, specifically relating to non-invasive cancer detection through gene testing. Please refer to the announcement of the Company dated 1 August 2016 and 9 August 2016 for details of the acquisition.

Details of the consideration transferred are set out below.

	$'000
Cash consideration	4,360
Consideration shares *(note)*	61,473
	65,833

Note:

This represents the fair value of the 245,890,890 shares that have been issued upon the fulfilment of all conditions precedent during the six months ended 30 September 2016.

The Group has not yet finalized the determination of the fair value of the associate's identifiable assets and liabilities as at the date of acquisition. Hence when applying the equity method of accounting for the interest in this associate, provisional values have been used.

Details of Manrui Biotech at the end of the reporting period are as follows:

Name of entity	Country of establishment/ operation	Proportion of ownership interest held by the Group	Proportion of voting rights held by the Group	Principal activities
Manrui Biotech	PRC	30%	30%	research and development of gene testing technologies

18 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Certain Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2016, the Group's financial asset at fair value through profit or loss was measured at Level 3. There is no transfer between different levels of the fair value hierarchy for the six months ended 30 September 2016.

(ii) Fair value at the Group's financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors of the Company consider that the carrying amounts of financial assets recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

19 CAPITAL COMMITMENTS

	At 30 September 2016 *$'000* **(unaudited)**	At 31 March 2016 *$'000* (audited)
Commitments to acquire the intangible assets *(note)*	**–**	18,696

Note: The commitments as at 31 March 2016 were released upon the termination of the distribution agreements on 3 June 2016 as stated in note 10.

20 CONTINGENT LIABILITIES

The Group has no significant contingent liabilities at the end of the reporting period.

21 EVENT AFTER THE END OF REPORTING PERIOD

On 17 October 2016, the Group granted in aggregate HK$30,000,000 secured loans to two independent third parties bearing interest rate at 19% per annum, repayable within 3 months from the loan drawn down date.

FINANCIAL RESULTS

For the six months ended 30 September 2016, the Group recorded a turnover of approximately HK$7.39 million (six months ended 30 September 2015: HK$4.35 million), representing an increase of approximately 69.89% as compared to the corresponding period last year. Such increase in turnover was primarily attributable to the turnover of HK$4.83 million generated from healthcare service segment. The Group's overall gross profit margin was 32.32% (six months ended 30 September 2015: 70.82%). During the six months ended 30 September 2016, the Group's overall gross profit was primarily attributable to the healthcare service and education software products and related service segments (six months ended 30 September 2015: attributable to the education software products and related service segment).

The Group's loss for the six months ended 30 September 2016 was approximately HK$15.26 million (six months ended 30 September 2015: HK$21.12 million), representing a decrease of 27.75% as compared to the corresponding period last year. The decrease in loss was principally attributable to (i) the absence of the impairment on goodwill of approximately HK$3.84 million recognised during the six months ended 30 September 2015; and (ii) a decrease in legal and professional fee of HK$7.21 million (included in administrative and other operating expenses) as compared to the six months ended 30 September 2015, during which more merger and acquisition were conducted by the Group, while partly offset by the loss of HK$3.70 million incurred by the healthcare service segment, a new business commenced by the Group in 2016.

BUSINESS REVIEW AND PROSPECTS

Healthcare services

The Directors continue to explore opportunities for the Group to diversify and strengthen its revenue streams in order to maximise returns to the Company's shareholders. In particular, the healthcare industry has been identified as a specific area of focus for the Group's investments. Therefore, (i) on 5 April 2016, the Group entered into a set of structure contracts 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 obtained the effective control over LifeHealthcare and a right to receive substantially all of LifeHealthcare's economic benefits. 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; and (ii) in April 2016, the Group set up a wholly-owned subsidiary (namely 天津蓮和軟件開發有限公司 Tianjin LifeHealthcare Software Development Co., Ltd* ("TJLH"). TJLH provides technical services to convert health enquiries from public, via various health application/website platforms provided by suppliers, in a user-friendly format and distribute to the customers, i.e — hospitals where the hospitals could explore their potential patients by providing consultation services via the health applications/website platforms provided by suppliers. The services of TJLH will be charged by way of prepayment of the hospital for the purchase of online chats, in which the doctors in the hospitals could identify their potential patients by using the online chats to provide online consultations to the app/website users through the health application/website platforms provided by the suppliers.

This segment recorded a turnover of HK$4.83 million and a loss in segment result of HK$3.70 million during the six months ended 30 September 2016.

Education software products and related services business

Turnover from education software products and related services business was HK$1.31 million (six months ended 30 September 2015: HK$4.20 million). This segment recorded a loss in segment result of HK$1.69 million during the current period (six months ended 30 September 2015: HK$3.77 million). The decrease in segment loss for the period was mainly attributable to the goodwill impairment of HK$3.84 million recognised during the six months ended 30 September 2015.

Sale of apparel

The sale of apparel business segment generated a loss of approximately HK$1.64 million during the six months ended 30 September 2016 (six months ended 30 September 2015: HK$3.00 million), representing a decrease of approximately 45.33% when compared with the same period in the previous year. The decrease in segment loss was primarily attributable to (i) the benefit from cost saving as part of the Group's plan of change in focus of sales channels from shops to e-commerce, and (ii) the decrease in impairment on inventories of approximately HK$0.88 million recognised during the six months ended 30 September 2015.

Securities trading and investments

During the current and prior interim period, the Group had no securities trading activities, while the management is cautious about the performance of the securities trading market and the Group will continue to adopt a prudent approach in securities trading business with a view to strengthen the shareholders' value in the long run.

Loan financing business

In order to diversify and strengthen its revenue streams to maximise returns to the Company's shareholders, in particular, the Directors have identified loan financing to be an area where the Group can generate regular and long-term sustainable income. The Group has also obtained a money lenders' licence in Hong Kong subsequent to 30 September 2016 with a view of developing its loan financing business.

This segment recorded a turnover of HK$0.76 million and a segment profit of HK$0.74 million during the six months ended 30 September 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group employed 56 employees excluding directors. 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.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2016, the Group had bank balances and cash of approximately HK$52.33 million (31 March 2016: approximately HK$65.81 million). Interest bearing borrowings, which represented other borrowings, amounted to approximately HK$65.23 million (31 March 2016: Nil). Non-interest bearing borrowings, which comprised loan from a director and loans from shareholders, amounted to HK$60.30 million (31 March 2016: HK$20.00 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.50 as at 30 September 2016 (31 March 2016: 0.23).

During the period under review, the Group did not use any financial instruments for hedging purposes.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Directors and management will closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly in Hong Kong and the PRC. For its operations in Hong Kong, most of the transactions are denominated in Hong Kong dollars and U.S. dollars. The exchange rate of U.S. dollars against Hong Kong dollars is relatively stable and the related currency exchange risk is considered minimal. For operations in the PRC, most of the Group's transactions are denominated in Renminbi ("RMB"). Given the floating level of RMB against Hong Kong dollars during the period under review this give rise to translation gain or loss upon consolidation. No financial instrument was used for hedging purposes.

The Group has not made other arrangements to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the Group's foreign exchange exposure and will consider utilising applicable derivatives to hedge exchange risk if necessary.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AFFILIATED COMPANIES

On 5 August 2016, the Group acquired 30% equity interest in Guangzhou Manrui Biotech Company Limited ("Manrui Biotech") from two independent third parties at an agreed consideration at an agreed consideration of RMB60.00 million satisfied by (i) cash consideration of RMB3.75 million (approximately HK$4.36 million), and (ii) consideration shares of 245,890,890 shares of HK$0.01 each, being issued by the Company.

Manrui Biotech specialises in the research and development of gene testing technologies, specifically relating to non-invasive cancer detection through the gene testing.

Save as disclosed above, there was no other material acquisitions and disposals of subsidiaries and affiliated companies during the period.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2016 have not been audited, but have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors. The primary duties of the Audit Committee are, amongst other matters, to communicate with the management of the Company; and review the accounting principles and practices, internal control, interim and annual results of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 September 2016, neither the Company nor any of it subsidiaries purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 September 2016, except for the following deviation:

— Code provision A.4.1 of the CG Code provides that 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 article 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 retire 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 with those of the CG Code.

— In respect of code provision A.6.7 of the CG Code, all independent non-executive Directors and non-executive Directors should attend general meetings. Mr. Lau Yu (resigned on 12 September 2016) and Mr. Zheng Chunlei did not attend the annual general meeting of the Company held on 12 August 2016 due to other business engagement.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' transactions in the Company's securities. Following specific enquiries by the Company, all Directors confirmed that they have complied with the Model Code during the six months ended 30 September 2016.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the respective websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.tackfiori.com). The Group's Interim Financial Report for 2016 will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
TACK FIORI INTERNATIONAL GROUP LIMITED
HUA YUNBO
Chairman

Hong Kong, 30 November 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. Zheng Chunlei
Ms. Zhang Xuyang
Mr. Liu Xinghua
Mr. Zhou Jian