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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tack Fiori International Group Limited, you should at once hand this circular, the accompanying notice of extraordinary general meeting and the form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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; CHANGE OF BOARD LOT SIZE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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**

**Independent financial adviser to the
Independent Board Committee and the Independent Shareholders**

Beijing Securities
Beijing Securities Limited
北京證券有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Thursday, 9 February 2017. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 20 February 2017 to Monday, 27 February 2017 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable) at or before 4:00 p.m. (Hong Kong time) on Tuesday, 7 March 2017 (or such later time as the Company and the Underwriter may agree), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

A letter of advice from Beijing Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 31 to 54 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 30 of this circular.

A notice convening the EGM to be held at 10:30 a.m. on Tuesday, 7 February 2017 at Room 2201, 22/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong together with the form of proxy are enclosed with this circular. Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so wish.

18 January 2017

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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) this 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:

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

RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares “taken up”; or
- (c) 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.

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.

RESCISSION AND TERMINATION OF THE UNDERWRITING AGREEMENT

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.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 22 December 2016 in relation to, among other things, the Rights Issue and the change of board lot size
“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
“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” or “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 SFO
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“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” or “Beijing Securities”	Beijing Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being the independent financial adviser to advise 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 the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	17 January 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“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

DEFINITIONS

“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 circular 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

DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of 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

EXPECTED TIMETABLE

The expected timetable for the Rights Issue, the change of board lot size and the associated trading arrangement is set out below.

All times and dates in this circular refer to Hong Kong local times and dates. The expected timetable set out below is for indicative purpose only assuming that the Rights Issue will be approved by the Independent Shareholders at the EGM. The expected timetable may be subject to change, and any such change will be further announced by the Company as and when appropriate.

Event	Date (2017)
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 dealings 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

EXPECTED TIMETABLE

Event	Date (2017)
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

EXPECTED TIMETABLE

Effect of bad weather on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a 'black' rainstorm warning:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 2 March 2017. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same day; or
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 2 March 2017. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Thursday, 2 March 2017, the expected timetable above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

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

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal Office in Hong Kong:

Room 2201, 22/F

Kwan Chart Tower

No. 6 Tonnochy Road

Wanchai

Hong Kong

18 January 2017

To the Shareholders

Dear Sir or Madam,

**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**

INTRODUCTION

Reference is made to the Announcement. The Board proposed 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.

LETTER FROM THE BOARD

The Board further proposed, 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 has arranged odd lot matching services and details of which is set out in the paragraph headed “Change of Board Lot Size” below.

The purpose of this circular is to provide you with, 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.

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 Latest Practicable Date	:	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 Latest Practicable Date, 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 Latest Practicable Date 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.

LETTER FROM THE BOARD

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;
- (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; and
- (d) a discount of approximately 18.18% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 circular, the Directors (including the independent non-executive Directors after having considered the advice from Beijing Securities) 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.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, the Company did not have any 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.

LETTER FROM THE BOARD

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.

Beneficial owners 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 beneficial owners 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

LETTER FROM THE BOARD

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 (including the independent non-executive Directors after having considered the advice from Beijing Securities) 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.

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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) this 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,

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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);

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- (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.

As at the Latest Practicable Date, conditions (1) to (5) have not been fulfilled, no notice has been received from the Underwriter in relation to condition (6) and the Company is not aware of any matter which would render condition (7) being unable to be fulfilled.

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 Latest Practicable Date, 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.

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SHAREHOLDING STRUCTURE OF THE COMPANY

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

	(i) As at the Latest Practicable Date		(ii) Upon completion of the Rights Issue			
	<i>no. of Shares</i>	%	Assuming all Shareholders take up the Rights Shares		Assuming no Shareholder takes up the Right Shares except Powerful Software (Note 3)	
	<i>no. of Shares</i>	%	<i>no. of Shares</i>	%	<i>no. of Shares</i>	%
Powerful Software (Note 1)	319,688,000	13.37	639,376,000	13.37%	639,376,000	13.37%
Cherrie Holdings Limited (Note 2)	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 Shareholders	<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>
Total	<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.

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REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group principally engages in (i) healthcare services in the PRC; (ii) development and promotion of education software products and provision of technical support services in the PRC; (iii) apparel retail business in the PRC; and (iv) securities trading and investments business in Hong Kong; and (v) loan financing business.

The terms of the Rights Issue were arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the capital needs of the Group, the financial position of the Group and the market price of the Shares as stated below:

- (a) the Company recorded unaudited loss attributable to owners of the Company of approximately HK\$14,573,000 and unaudited net cash used in operating activities of approximately HK\$93,981,000 for the six months ended 30 September 2016 and the Company has funding needs to meet its financial obligations comprising outstanding loans and accrued interest of approximately HK\$126 million as disclosed in the 2016 interim report of the Company for the six months ended 30 September 2016;
- (b) upon termination of a proposed top up subscription of new Shares under the general mandate as announced by the Company on 4 January 2016, the Company has been considering other fund raising alternatives; and
- (c) with reference to the historical trading records of the Company for the 3 months prior to the date of the Underwriting Agreement, (1) average trading liquidity of the Shares ranges from the maximum of 75,916,000 Shares, representing approximately 3.18% of the issued Shares, to 384,000 Shares, representing approximately 0.02% of the issued Shares and an average of 5,436,470 Shares, representing approximately 0.23% of the issued Shares; and (2) closing price of the Shares ranges from HK\$0.242 to HK\$0.180 and an average of HK\$0.214. In view of the inactive trading activities, the Board considers that the discount to the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group.

In the event that the Shareholders do not take up their respective entitlements under the Rights Issue, their respective shareholding interests in the Company will be diluted by 50%. The Company has given consideration to the dilution effect of the Rights Issue when determining the terms of the Rights Issue, but given that the Company, under the current circumstances, has limited/few alternatives to raise capital to satisfy the funding needs of the Group including settlement of outstanding debts which are due in the near future on one hand and to raise incentives of the Qualifying Shareholders' participation in the Rights Issue on the other, the Directors therefore consider the current terms of the Right Issue are fair and reasonable and in the interest of the Shareholders notwithstanding the potential dilution impact.

The Directors approached the Underwriter to discuss how to raise new fund for the Company. Placing of new Shares was excluded because the amount that can be raised would be relatively small when compared to the Rights Issue. Moreover, unlike a rights issue, not all the

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Shareholders have equal opportunity to participate in the placing. The Company has proposed issue of new Shares under general mandate as announced by the Company dated 22 December 2015 but was lapsed due to the failure to fulfill certain conditions precedent.

Based on the interim report of the Company for the six months ended 30 September 2016, the Company recorded current liabilities, being the total liabilities as the Company did not have long term liabilities, of approximately HK\$138,705,000 and total equity attributable to owners of the Company of approximately HK\$110,173,000, representing a debt-to-equity ratio of the Group of approximately 125.9%. As at 31 December 2016, details of the outstanding debts of the Group are as follows:

Lender	Capacity	Outstanding amount	Interest rate	Due date	Usage
Party A	Shareholder	HK\$44,500,000	Interest free	1-Mar-17	Money lending business
Party B	Independent Third Party	HK\$60,000,000	8.00% p.a.	28-Mar-17	Money lending business
Party C	Independent Third Party	RMB3,600,000 ^(Note)	4.35% p.a.	5-Apr-17	Daily operation
		RMB600,000 ^(Note)	4.35% p.a.	25-Apr-17	Daily operation
Party D	Director	HK\$10,000,000	Interest free	11-Jul-17	Daily operation
Party E	Shareholder	HK\$800,000	Interest free	15-Aug-17	Daily operation
Party F	Director of a subsidiary	RMB6,250,000 ^(Note)	Interest free	24-Oct-17	Daily operation
	Total	<u>HK\$127,041,573</u>			

Note: The amount is converted to HK\$ for calculating the total amount using the exchange rate of HK\$1 to RMB0.89.

Fund raising through debt financing/bank borrowings which would deepen the debt burden of the Group may not be in the best interests of the Company and the Shareholders as a whole and is not a preferred alternative. Moreover, in the absence of tangible asset such as property as pledge or security to banks/financial institutions, it would be difficult for the Company to obtain debt financing/bank borrowing in an amount comparable to the fund to be raised under the Rights Issue. In view that the Rights Issue is interest free and is free from further financial burden to the gearing ratio and, unlike debt financing/bank borrowing, the Company does not have any repayment obligation of principal amount under the Rights Issue, the Directors consider the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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The Company had not approached other potential underwriters in respect of the Rights Issue in view of (a) the small market capitalization of the Company, being an average of approximately HK\$512 million for the 3 months prior to the date of the Underwriting Agreement, and the large scale of the fund to be raised of approximately HK\$301 million which represents approximately 120% of the total assets of the Company of approximately HK\$250 million as at 30 September 2016 could make it difficult for the Company to negotiate with other firms on the terms of the underwriting agreement; (b) the Company is mindful of the laws and regulations in Hong Kong pertaining to the need to preserve the confidentiality of inside information and the proposed Rights Issue is considered by the Company to be highly price sensitive and thus the Company is mindful not to solicit or negotiate with multiple potential underwriters in the market at the same time; (c) the Rights Issue is on a fully underwritten basis which ensures that the Company will raise the proceeds to satisfy its expected funding needs for the next 12 months; and (d) it is time consuming to negotiate with other potential underwriters and there is no guarantee that the Company can obtain terms more favourable than the existing ones. Taking into account the above-mentioned factors, the Company had not approached multiple potential underwriters.

The Directors believe that, in view of the above, the terms of the Rights Issue are fair and reasonable and in the best interests of the Company and its shareholders as a whole notwithstanding the potential dilution effect on the shareholdings of those Shareholders who are not eligible to participate or opt not to participate in the Rights Issue.

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

The money lending business of the Company commenced in 2012. As disclosed under note 9 “Other revenue” in the annual report of the Company for the year ended 31 March 2012, the Company has recorded interest income from loans in the sum of approximately HK\$270,000. The Company has further recorded interest income from loans in the sum of approximately HK\$111,000 as disclosed under note 8 “Other income and gain” in the annual report of the Company for the year ended 31 March 2013.

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Allied Kingdom Holdings Limited, a wholly-owned subsidiary of the Group, obtained the money lenders license under the Money Lenders Ordinance (Chapter 163) (“Money Lenders Ordinance”) on 22 November 2016. All loans advanced by the Group under its money lending business prior to obtaining such license were either exempted loans under Money Lenders Ordinance or loans consummated outside Hong Kong and thus the Group is not in violation of the Money Lenders Ordinance.

As at 31 December 2016, details of loan receivable profile of the Group are as follows:

Borrower (Being Independent Third Parties)	Principal HKD	Interest rate	Drawn down date	Repayment date
Party A	20,000,000.00	9.00% p.a	30-Sep-16	29-Mar-17 ^(Note)
Party B	20,000,000.00	19.00% p.a	20-Oct-16	19-Jan-17
Party C	10,000,000.00	19.00% p.a	20-Oct-16	19-Jan-17
Party D	10,000,000.00	10.00% p.a	22-Dec-16	21-Feb-17
Party E	10,000,000.00	10.00% p.a	22-Dec-16	21-Feb-17
Party F	8,000,000.00	14.00% p.a	28-Dec-16	28-Feb-17
Party G	8,000,000.00	14.00% p.a	29-Dec-16	28-Feb-17
Party H	10,000,000.00	10.00% p.a	30-Dec-16	28-Feb-17
Total	<u>96,000,000.00</u>			

Note: Repayment date has been extended from 29 December 2016 to 29 March 2017.

Based on the latest unaudited management accounts of the Group for the nine months ended 31 December 2016, the total interest income received from the loan receivable was expected to be approximately HK\$4,731,000.

Two borrowers with an aggregate loan amount of approximately HK\$37.2 million have defaulted in repayment on due dates. These two loans were subsequently settled within 1 month after the due dates. No borrower has defaulted in repayment that has resulted in bad debts since the Group commenced the money lending business.

Upon obtaining the money lenders license, the Company intends to broaden its customer base with new funding from the Rights Issue and make gradual development on the money lending business as one of the principal businesses of the Group to provide stable recurrent interest income and maximize return to the Company and the Shareholders as a whole.

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The Group has engaged Mr. Chung Yuk Lun (“**Mr. Chung**”) as the general manager of the money lending business of the Group with effect on 22 November 2016 upon obtaining the money lender license. Mr. Chung manages and oversees the operation of the money lending business of the Group. Mr. Chung has over 3 years’ experience in money lending business.

On the basis that potential loans in an aggregate principal amount of HK\$40 million were under negotiation prior to the date of the Underwriting Agreement, approximately HK\$40 million of the net proceeds of the Rights Issue has been allocated for the expansion of money lending business. Accordingly, upon completion of the Rights Issue, the loan portfolio of the Company is expected to increase from approximately HK\$96 million as at 31 December 2016 to approximately HK\$136 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 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

The Group provides transition service for hospitals in the PRC since June 2016 whereas to the best knowledge of the Directors the provision of genetic testing and health data analysis services in the PRC is expected to commence upon obtaining 醫療機構執業許可證 (The Practice License of Medical Institution*) around March 2017.

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. For the six months ended 30 September 2016, a turnover of approximately HK\$4.5 million has been recognized.

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- Customers:** Hospitals. As at 30 November 2016, TJ Healthcare has entered into agreements with over 300 hospitals for the provision of transition service to them. For the eight months ended 30 November 2016, an aggregate of approximately 375,000 health enquiries have been subscribed by hospitals.
- Suppliers:** Individual mobile application/website providers who maintain and provide application/website platforms. As at the Latest Practicable Date, the Company has engaged two suppliers to collect health enquiries from the public via mobile applications and website, namely 男性私人醫生 (Male Private Doctor*), 女性私人醫生 (Female Private Doctor*), 兩性私人醫生 (Bisexual Private Doctor*) and 尋醫問藥 (www.xywy.com).
- The Company will explore business cooperation with other suppliers to provide health enquiries to broaden the sources of supply.
- Registration of computer software copyright:** To the best knowledge of the Directors, registration of computer software copyright of the self-developed software of the Group used in providing transition service, through an agent, is expected to be completed in March 2017.

Genetic testing and health data analysis services

As disclosed in the interim report of the Company for the six months ended 30 September 2016, 北京蓮和無限醫療科技有限公司 (Beijing LifeHealthcare Technology Co. Ltd*) (“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 蓮和(北京)醫療科技有限公司 (LifeHealthcare (Beijing) Co. Ltd*) (“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

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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*), 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. To the best knowledge of the Directors, the license is expected to be obtained around March 2017. As at the Latest Practicable Date, 2 clinical laboratories have been established.
- 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
- Business plan: The Group intends to use approximately HK\$60 million for expanding the clinical laboratory network of healthcare business by establishing/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.

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Experience of the Company's management in healthcare business is as follows:

- (a) Mr. Hua Yunbo, the chairman of the board of directors, executive director and the president of the Company.

Mr. Hua has over 15 years of work experience in medical and healthcare online platform related industry. He was the founder of Beijing Tianya Co., Ltd.* (北京天亞科創軟件有限公司) ("BJ Tianya") and was the director and the general manager of BJ Tianya, a company principally engaged in the development and marketing of mobile healthcare applications. BJ Tianya is one of the suppliers of the transition service for hospitals under healthcare business of the Group and was the target of a proposed acquisition which was terminated as disclosed in the announcement of the Company dated 15 December 2015.

- (b) Mr. Che Jianwei, the director of research and development of the Group.

Mr. Che graduated from California University (UCSD) with a Ph.D. of chemistry/biochemistry and worked as post doctoral scholar with California Institute of Technology (Caltech) on chemistry. Mr. Che worked in an international pharmaceutical company, Genomics Institute of the Novartis Research Foundation, as a senior researcher. He has over 13 years' working experience in computational biology and informatics.

Segment performance

With reference to the interim report of the Company for the six months ended 30 September 2016 as extracted below, transition service for hospitals under the healthcare services has generated the highest revenue, representing approximately 65% of the total revenue of the Company, while money lending business is the best performed segment among other business segments.

For the six months ended 30 September 2016

	Segment revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>
Healthcare service	4,830	(3,699)
Education software products and related service business	1,311	(1,685)
Sale of apparel	489	(1,642)
Securities trading and investments	—	(6)
Loan financing business	<u>756</u>	<u>743</u>
Total	<u><u>7,386</u></u>	<u><u>(6,289)</u></u>

Having taken into account of (i) the latest recorded business performance of the money lending business and the healthcare business as mentioned above; (ii) the money lending business will provide recurrent interest income to the Group; (iii) commencement of the

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provision of genetic testing and data analysis service upon obtaining the requisite license, to the best knowledge of the Directors, around March 2017; and (iv) the prospects and expected increasing demand for genetic testing service and data analysis in the PRC, the Directors consider allocating the proceeds into the healthcare business and money lending business could generate recurring revenue for the Group which would be beneficial to the business performance of and in the interest of the Company and the Shareholders as a whole.

The Directors are also of the view that the Rights Issue would facilitate the repayment of outstanding loan and (if any) interest 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 (including the independent non-executive Directors after having considered the advice from Beijing Securities) 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 (including the independent non-executive Directors after having considered the advice from Beijing Securities) considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

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 the Announcement and the Latest Practicable Date.

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 Latest Practicable Date, the Company does not have any plans to conduct further rights issue or other fund raising activities in the next 12 months.

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 Latest Practicable Date of HK\$0.154, the theoretical ex-rights price of each Share is HK\$0.140. 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\$2,800.

ODD LOT MATCHING SERVICES

In order to facilitate the trading of odd lots (if any), the Company has arranged 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 who wish to utilise the service should contact Mr. Leung Shiu Keung of Emperor Securities Limited at 23rd to 24th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong or telephone number (852) 2919 2919

LETTER FROM THE BOARD

during the above period. 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.

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 Latest Practicable Date, 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. Mr. Hua Yunbo and Ms. Shan Hua and their respective associates have no intention to vote against the resolution on the Rights Issue at the EGM.

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.

LETTER FROM THE BOARD

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. A notice convening the EGM to be held at 10:30 a.m. on Tuesday, 7 February 2017, at Room 2201, 22/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong is enclosed with this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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.

RECOMMENDATION

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue. Beijing Securities has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

You are advised to read carefully the letter of recommendation from the Independent Board Committee and the letter of advice from Beijing Securities set out on page 30 and pages 31 to 54 respectively of this circular. The Independent Board Committee, having taken into account of the advice of Beijing Securities, considers that the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue (including the Underwriting Agreement) is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue (including the Underwriting Agreement) at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Tack Fiori International Group Limited
Shan Hua
Executive Director

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

18 January 2017

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE**

We refer to the circular dated 18 January 2017 (the “**Circular**”) of the Company of which this letter forms part. Unless the context requires otherwise, capitalized terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue (including the Underwriting Agreement) are fair and reasonable insofar as the Independent Shareholders are concerned and whether the Rights Issue (including the Underwriting Agreement) is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. Beijing Securities has been appointed as the independent financial advisor to advise the Independent Shareholders and us in this respect.

Having taken into account the advice and recommendation of Beijing Securities as set out in its letter of advice to the Independent Shareholders and us on pages 31 to 54 of the Circular, we consider that the terms of the Rights Issue and the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Furthermore, the Rights Issue (including the Underwriting Agreement) is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

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

Independent Non-executive Directors

LETTER FROM BEIJING SECURITIES

Beijing Securities
Beijing Securities Limited
北京證券有限公司

BEIJING SECURITIES LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

18 January 2017

*To the Independent Board Committee and the Independent Shareholders of
Tack Fiori International Group Limited*

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue (including the Underwriting Agreement), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 18 January 2017 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

With reference to the Announcement dated 22 December 2016, the Company announced, amongst others, the Rights Issue. The Company proposes to implement the Rights Issue on the basis of one Rights Share for every one Share held on the Record Date at the Subscription Price of HK\$0.126 per Rights Share and 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.

As at the Latest Practicable Date, Powerful Software, which holds 319,688,000 Shares, representing approximately 13.37% of the existing issued share capital of the Company, 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.

LETTER FROM BEIJING SECURITIES

In addition, the Rights Issue is fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter 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.

The net proceeds from the Rights Issue is estimated to be approximately HK\$290 million. The Company intends to apply the 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.

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.

The Board currently comprises of two executive Directors, one non-executive Director and four independent non-executive Directors. The Independent Board Committee, which currently comprises of all the independent non-executive Directors, Mr. Liu Xinghua, Mr. Zhou Jian, Mr. Zheng Chunlei and Ms. Zhang Xuyang, has been established to advise the Independent Shareholders regarding the Rights Issue (including the Underwriting Agreement). We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

Beijing Securities Limited is not connected with the directors, chief executive or substantial shareholders of the Company or the Underwriter or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Beijing Securities Limited will receive any fees or benefits from the Company or the directors, chief executive or substantial shareholders of the Company or the Underwriter or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Rights Issue (including the Underwriting Agreement) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should vote in respect of the relevant resolutions to approve the Rights Issue (including the Underwriting Agreement) at the EGM.

LETTER FROM BEIJING SECURITIES

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors, the Company and its management.

We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Rights Issue (including the Underwriting Agreement) to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Background information of the Group

The Group principally engages in (i) healthcare services in the PRC; (ii) development and promotion of education software products and provision of technical support services in the PRC; (iii) apparel retail business in the PRC; (iv) securities trading and investments business in Hong Kong; and (v) loan financing business.

LETTER FROM BEIJING SECURITIES

Set out below is a summary of the audited financial information of the Group for the year ended 31 March 2015 and 2016 respectively as extracted from the Company's annual report for the year ended 31 March 2016 (the "Annual Report") and the unaudited financial information of the Group for the six months ended 30 September 2016 as extracted from the Company's interim report for the six months ended 30 September 2016 (the "Interim Report").

Summary consolidated statement of profit or loss

	For the six months ended 30 September 2016	For the year ended 31 March	
	(HK\$'000) (Unaudited)	2016 (HK\$'000) (Audited)	2015 (HK\$'000) (Audited)
Turnover	7,386	5,114	8,398
Loss attributable to owners of the Company for the period/year	(14,573)	(34,337)	(45,333)

Summary consolidated statement of financial position

	As at 30 September 2016	As at 31 March	
	(HK\$'000) (Unaudited)	2016 (HK\$'000) (Audited)	2015 (HK\$'000) (Audited)
Total assets	250,154	86,146	113,258
Total liabilities	138,705	21,331	10,797
Net assets	111,449	64,815	102,461

For the year ended 31 March 2016, the turnover of the Group was contributed by the education software products and related services business and the apparel retail business. For the year ended 31 March 2016, the Group's turnover decreased by approximately 39.17% from approximately HK\$8.40 million for the year ended 31 March 2015 to approximately HK\$5.11 million for the year ended 31 March 2016. The decrease in turnover was mainly due to the decrease in turnover of the apparel retail business which recorded turnover of approximately HK\$0.33 million for the year ended 31 March 2016 as compared with turnover of approximately HK\$5.68 million for the year ended 31 March 2015. However, during the same corresponding year, turnover of the education software products and related services business recorded turnover of approximately HK\$4.79 million for the year ended 31 March 2016 as compared with turnover of approximately HK\$2.72 million for the year ended 31 March 2015. The Group also recorded a decrease in loss attributable to owners of the Company by approximately 24.24% from approximately HK\$45.33 million for the year ended 31 March 2015 to approximately HK\$34.34 million for the year ended 31 March 2016. The decrease in loss attributable to owners of the Company was mainly attributable to, among other things, the increase in

LETTER FROM BEIJING SECURITIES

gross profit of the Group as a result of overall higher gross profit margin from the education software products and related services business, the increase in other income and the decrease in selling and distribution costs and impairment on inventories and trademark.

For the six months ended 30 September 2016, turnover of the Group was mainly contributed by the healthcare services, the education software products and related services business, the apparel retail business and the loan financing/money lending business. For the six months ended 30 September 2016, the Group's turnover increased by approximately 69.89% from approximately HK\$4.35 million for the six months ended 30 September 2015 to approximately HK\$7.39 million for the six months ended 30 September 2016. The increase in turnover was primarily due to the turnover of approximately HK\$4.83 million generated from the healthcare services as well as the turnover of approximately HK\$0.76 million generated from the loan financing/money lending business which were new revenue streams recorded during the six months ended 30 September 2016. The Group also recorded a decrease in loss attributable to owners of the Company by approximately 31.01% from approximately HK\$21.12 million for the six months ended 30 September 2015 to approximately HK\$14.57 million for the six months ended 30 September 2016. The decrease in loss attributable to owners of the Company was mainly attributable to, among other things, the absence of the impairment on goodwill for the six months ended 30 September 2016 and a decrease in administrative and other operating expenses.

As at 30 September 2016, the Group recorded total assets, total liabilities and net assets of approximately HK\$250.15 million, HK\$138.71 million and HK\$111.45 million respectively. The increase in total assets of the Group as at 30 September 2016 as compared with the total assets of the Group as at 31 March 2016 was approximately HK\$164.0 million. Such increase in the Group's total assets was mainly due to, amongst others, the recognition of approximately HK\$64.9 million in interest in an associate as a result of the acquisition of a 30% equity interest in Guangzhou Manrui Biotech Company Limited (please refer to the announcements of the Company dated 1 August 2016 and 9 August 2016 for details of the acquisition) and loans receivable of approximately HK\$80.0 million from the Group's loan financing/money lending business that were advanced during the six months ended 30 September 2016.

As at the Latest Practicable Date, the Company has not conducted any equity fund raising activities in the past twelve months.

Looking forward, the Group will continue to explore opportunities to diversify and strengthen its revenue streams in order to maximise returns to the Company's shareholders. As disclosed in the Interim Report, the Group has identified the healthcare services and the loan financing/money lending business as two business segments to further expand the business of the Group. Further details of the healthcare services and the loan financing/money lending business are also set out in the section headed "Reasons for the Rights Issue and the use of proceeds" below.

LETTER FROM BEIJING SECURITIES

2. Reasons for the Rights Issue and the use of proceeds

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:

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

As discussed in the section above, the Group has identified the money lending business and the healthcare services as two business segments to further expand the business of the Group.

Money lending business operated by the Group

The Group has obtained a money lenders licence to carry out the money lending business on 22 November 2016 in Hong Kong. Prior to obtaining such licence, all loans advanced by the Group were either exempted loans under Money Lenders Ordinance (Chapter 163) or loans consummated outside Hong Kong which did not violate the Money Lenders Ordinance (Chapter 163). Upon obtaining the money lenders licence in Hong Kong, the Company has been gradually broadening its customer base. Based on the latest unaudited management accounts of the Group, for the nine months ended 31 December 2016, the total interest income received from the loan receivable was expected to be approximately HK\$4,731,000. With the new funding from the Rights Issue, it is expected that the money lending business will gradually become one of the principal businesses of the Group with a loan portfolio to be increased from approximately HK\$96 million as at 31 December 2016 to approximately HK\$136 million. Further, the Group has engaged Mr. Chung Yuk Lun (“**Mr. Chung**”) as the general manager of the money lending business of the Group with effect on 22 November 2016 upon obtaining the money lenders licence. Mr. Chung manages and oversees the operation of the money lending business of the Group and he has over 3 years’ experience in money lending business.

As at 30 September 2016, the size of the loan portfolio of the Company is approximately HK\$96 million as at 31 December 2016 and with approximately HK\$40 million being allocated for expansion of money lending business upon completion of the

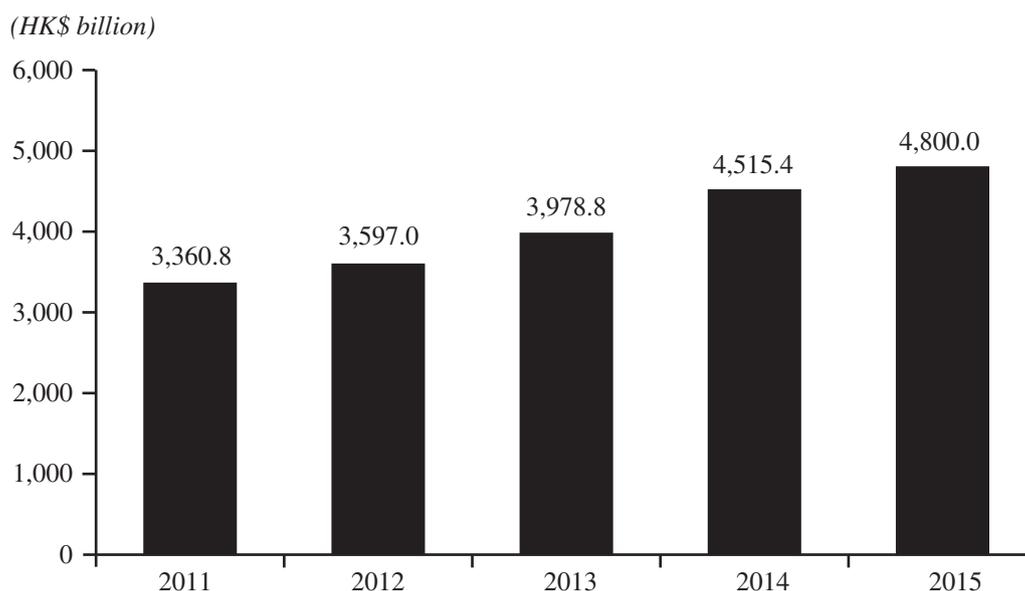
LETTER FROM BEIJING SECURITIES

Rights Issue, the loan portfolio of the Group's money lending business is expected to increase to approximately HK\$136 million. Further details of the money lending business operated by the Group is also set out in the "Letter from the Board".

Money lending market

To assess the merits to expand in the money lending business, we have studied statistics of the money lending market in Hong Kong. Whilst there are no official statistics for the loans and advances granted by licensed money lenders in Hong Kong, the statistics of loans and advances granted by authorised institutions as reported by the Hong Kong Monetary Authority can be used as a proxy to the credit market growth. Loans and advances for use in Hong Kong refer to the credit facilities made available or disbursed in Hong Kong to borrowers with residence or principal place of business in Hong Kong. The balance of loans and advances for use in Hong Kong is generally correlated to the level of economic activities in Hong Kong. As illustrated in the chart below, the amount of loans and advances for use in Hong Kong has been growing over the past few years and has reached approximately HK\$4,800 billion as at 31 December 2015. Overall, the compound annual growth rate of loans and advances was approximately 9.3% during 2011 to 2015 and therefore we are of the view that the money lending market in Hong Kong is expanding.

Loans and advances by authorised institutions in Hong Kong



Source: Hong Kong Monetary Authority

Healthcare business operated by the Group

In the healthcare business, the Group is expected to focus on the genetic testing and health data analysis services and the transition service for hospitals. Further descriptions of the genetic testing and health data analysis services and the transition service for hospitals are set out in the sub-section "Healthcare market" below.

LETTER FROM BEIJING SECURITIES

Genetic testing and health data analysis services

As set out in the section above, approximately HK\$60 million will be applied for expansion of its healthcare business. As discussed with the Company, the proceeds for the expansion of the healthcare business is 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. As disclosed in the Interim Report, 北京蓮和無限醫療科技有限公司 (Beijing LifeHealthcare Technology Co. Ltd*) (“**Beijing Lianhe**”), a 100% owned subsidiary of the Company, has entered into an exclusive cooperation agreement, an exclusive call option agreement, a power of attorney and a share pledge agreement (together, the “**VIE Agreements**”) with 蓮和 (北京) 醫療科技有限公司 (LifeHealthcare (Beijing) Co. Ltd*) (“**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. As at the Latest Practicable Date, 2 clinical laboratories have been established and upon obtaining 醫療機構執業許可證 (The Practice License of Medical Institution*), which is expected to be obtained in around March 2017 to the best knowledge of the Directors, the clinical laboratories of the Group can commence provision of testing services to its clients. Thereafter, it is expected that the genetic testing and health data analysis services operation shall be commenced and revenue shall be generated. Further details of the genetic testing and health data analysis services operated by the Group are also set out in the “Letter from the Board”.

Transition service for hospitals

The Group operates transition service for hospitals where 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. For the six months ended 30 September 2016, a turnover of approximately HK\$4.5 million has been recognized for this segment. The Group has also engaged over 300 hospitals for the provision of transition service. For the eight months ended 30 November 2016, an aggregate of approximately 375,000 health enquiries have been subscribed by hospitals. As at the Latest Practicable Date, the Company has engaged two suppliers to collect the health enquiries from the public. Currently, the Group plans to explore business cooperation with other suppliers to provide health enquiries in order to broaden the sources of supply. In addition, the Directors also expect that the Group shall be able to complete the registration of computer software copyright of the Group’s self-developed software for the transition service for hospitals in around March 2017. Further details of the transition service for hospitals operated by the Group are also set out in the “Letter from the Board”.

LETTER FROM BEIJING SECURITIES

Management in the healthcare business

The following is the experience of the Group's management in the healthcare business:

- (a) Mr. Hua Yunbo, the chairman of the board of directors and the president of the Company

Mr. Hua has over 15 years of working experience in medical and healthcare online platform related industry. He was the founder of 北京天亞科創軟件有限公司 (Beijing Tianya Co., Ltd.*) (“**BJ Tianya**”) and was the director and the general manager of BJ Tianya, a company principally engaged in the development and marketing of mobile healthcare applications. BJ Tianya was one of the suppliers of the transition service for hospitals under the healthcare business of the Group and the target of a proposed acquisition which was terminated as disclosed in the announcement of the Company dated 15 December 2015.

- (b) Mr. Che Jianwei, the director of research and development of the Group

Mr. Che graduated from California University (UCSD) with a Ph.D. of chemistry/biochemistry and worked as post doctoral scholar with California Institute of Technology (Caltech) on chemistry. Mr. Che worked in an international pharmaceutical company, Genomics Institute of the Novartis Research Foundation, as a senior researcher. He has over 13 years' working experience in computational biology and informatics.

Healthcare market

In this regard, we understand that the Group will continue to expand its healthcare services. In a report by Deloitte titled “2015 health care outlook — China”, healthcare spending in the PRC is expected to grow at an average rate of approximately 11.8% from 2014 to 2018 and is expected to reach approximately US\$892 billion by 2018. As such, we are of the view that the healthcare market in the PRC is expected to remain promising.

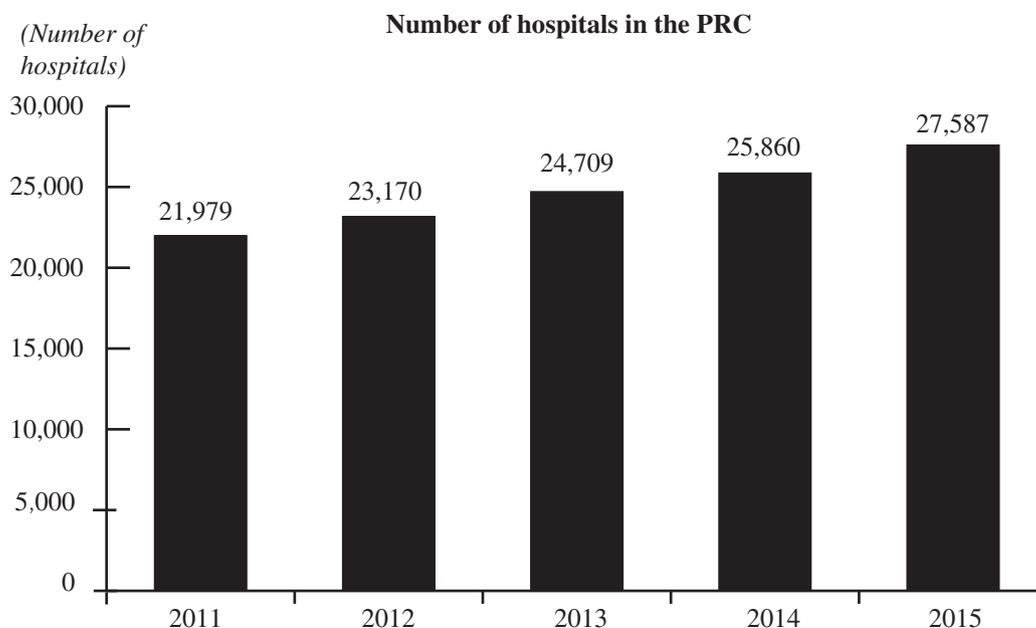
In particular, in the healthcare business, the Group is expected to focus on the transition service for hospitals and genetic testing and health data analysis services.

Transition service for hospitals sector

The transition service for hospitals is where the Group will use 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). As the main target customers for this service is hospitals in the PRC, we have reviewed the growth trend in the number of hospitals in the PRC. As illustrated in the chart below, the number of hospitals in the PRC has been growing steadily in the last few years and as at 31 December 2015 there were 27,587 hospitals in

LETTER FROM BEIJING SECURITIES

the PRC. Overall, the number of hospitals in the PRC was growing at approximately 6.0% per annum from 2011 to 2015 and therefore we are of the view that the demand for the Group's transition service by hospitals is promising.



Source: National Health and Family Planning Commission of the People's Republic of China

Genetic testing and health data analysis services sector

The genetic testing and health data analysis services is a relatively new but growing fields in the healthcare sector in the PRC. The genetic testing and health data is a type of medical test that identifies changes in chromosomes, genes, or proteins. The results of a genetic test can confirm or rule out a suspected genetic condition or help determine a person's chance of developing or passing on a genetic disorder. Factors contributing to the market growth in the genetic testing and health data services in the PRC include aging population, growing awareness, availability of direct consumer tests and increasing incidence of genetic disorder. With the increase spending of healthcare in the PRC (e.g., growth rate of 11.8%) as discussed above and factors such as an aging population, we are optimistic with the prospects of the genetic testing and health data analysis services in the PRC.

Currently, certain of the genetic testing and health data analysis services is forbidden for foreign investment 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. However, we understand that the Group shall enter into VIE Agreements similar to that by Beijing Lianhe whereby the Group shall be able to obtain effective control over entities which is to provide the genetic testing and health data analysis

LETTER FROM BEIJING SECURITIES

services with the requisite licences and also the right to receive substantially all of their economic benefits in case the Group intends to expand through acquisition of established entities engaging in the genetic testing and health data analysis services business.

In view of the above, we are of the view that the healthcare market (including the transition service for hospitals and the genetic testing and health data analysis services) in the PRC is expected to remain promising.

Allocation of the proceeds into the healthcare business and the money lending business

With reference to the Interim Report, the Group's transition service for hospitals under the healthcare services has generated the highest revenue, representing approximately 65% of the total revenue of the Group, whilst the Group's money lending business is the best performed segment among other business segments.

Segment performance

For the six months ended 30 September 2016

	Segment revenue <i>(HK\$'000)</i> (Unaudited)	Segment results <i>(HK\$'000)</i> (Unaudited)
Healthcare service	4,830	(3,699)
Education software products and related service business	1,311	(1,685)
Sale of apparel	489	(1,642)
Securities trading and investments	—	(6)
Loan financing business	756	743
Total	7,386	(6,289)

Having taken into account of (i) the latest recorded business performance of the money lending business and the healthcare business as set out above; (ii) the money lending business will provide recurrent interest income to the Group; (iii) commencement of the provision of genetic testing and health data analysis services upon obtaining the requisite licence in around March 2017 to the best knowledge of the Directors; and (iv) the prospects of demand for the genetic testing service in the PRC is promising, we are of the view that allocating the proceeds into the healthcare business and money lending business could generate recurring revenue for the Group which would be beneficial to the business performance of the Group and in the interests of the Company and the Shareholders as a whole.

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Financing alternatives available to the Group

As discussed with the management of the Company, the Directors have considered other fund raising alternatives for the Group such as debt financing/bank borrowings and/or placing of new Shares. Debt financing/bank borrowings was not adopted as it would incur additional interest burden whereas no interest will be incurred from the Rights Issue. Besides, banks usually require tangible collaterals such as property for granting sizeable loans. As the Group does not have any property to satisfy this requirement in order to obtain loans tantamount to the proceeds raised by the Rights Issue, the Directors did not approach banks for loan financing. Placing of new Shares was not adopted as the amount that can be raised would be relatively small when compared to the Rights Issue after the Company had discussed with the Underwriter. Further, placing of new Shares would not allow the existing Shareholders the rights to participate in the fund raising exercise and their shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. In comparison with placing of new Shares, the Directors considered that the Rights Issue would allow all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enable them to maintain their proportionate interests in the Company and continue to participate in the future development of the Group should they wish to do so. In addition, the Rights Issue would allow the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefit. Having taken into consideration the aforesaid weaknesses and difficulty of the other financing alternatives and the possible benefits of the Rights Issue, we concur with the Directors that the Rights Issue is an appropriate financing method currently available to the Company and we also consider that the Rights Issue to be in the interests of the Company and the Shareholders as a whole.

Having taken into account that (i) the money lending business in Hong Kong is expanding; (ii) the healthcare market (including the transition service for hospitals and the genetic testing and health data analysis services) in the PRC is expected to remain promising; (iii) the Rights Issue will facilitate the repayment of outstanding debts (including interest, if any) that were advanced to the Group for its money lending business which in turn would enhance the financial position of the Group; (iv) the additional working capital to the Group will allow the Group to carry on the expansion of its businesses; (v) debt financing/bank borrowings will incur interest burden to the Group; (vi) placing of new Shares will not offer existing Shareholders the opportunity to participate in the Company's equity fund raising exercise and would result in the dilution of shareholdings of the existing Shareholders; and (vii) the Rights Issue will enable the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Group, we concur with the Directors that the Rights Issue is an appropriate financing mean for the Company and we are of the view that fund raising by way of Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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Further, in order to further develop and expand the Group's business, and also taking into account of (i) the prospects of the healthcare market (including the transition service for hospitals and the genetic testing and health data analysis services) and the money lending market that the Group operates in are promising; (ii) the expected funding needs as set out above; (iii) the allocation of the proceeds in the Rights Issue into the healthcare business and money lending business is beneficial to the business performance of the Group; and (iv) the financing alternatives considered by the Directors, we are of the view that it is necessary for the Company to conduct fund raising exercise and the Rights Issue is a suitable method. Taking into consideration the procedures and the length of time to complete the Rights Issue, we consider that conducting of the Rights Issue now is timely and is also in the interests of the Company and the Shareholders as a whole.

3. Expected funding needs for the next 12 months

We have reviewed the Group's cashflow forecast for the next 12 months, save for the funding needs in the repayment of outstanding debts which were advanced to the Group for its money lending business, the expansion of the money lending business and the healthcare business and the purchase of equipment and instrument for the Group's existing healthcare business which have been intended to be funded by the net proceeds of the Rights Issue and taking into account of the Group's cash and bank balance of approximately HK\$52.33 million as at 30 September 2016, we are of the view that the Group will have sufficient working capital for funding needs of the aforesaid business requirements and its daily operation for the period up to 12 months from the date of this circular.

4. Principal terms of the Rights Issue

Set out below are the principal terms of the Rights Issue. Further details of the terms of the Rights Issue are set out in the Letter from the Board.

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 Latest Practicable Date	:	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

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As at the Latest Practicable Date, 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 Latest Practicable Date and will represent approximately 50% of the Shares in issue as enlarged by the Rights Issue.

As discussed with the Company, 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.

In order to assess the fairness and reasonableness of the terms of the Rights Issue, we have conducted analysis including but not limited to the Subscription Price and the effect of the Rights Issue on the shareholding of the Company which are contained in section 5 and 8 of this letter below. Based on our analysis, we are of the view that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

5. Subscription Price

The Subscription Price is HK\$0.126 per Rights Share, payable in full on 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:

- (i) 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;
- (ii) 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;
- (iii) 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; and
- (iv) a discount of approximately 18.18% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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In analysing the fairness and reasonableness of the Subscription Price, we have also undertaken the following analysis:

a. Share price performance of the Share

We have reviewed the trading price of the Shares for the period from 23 December 2015, being the 12-month period prior to the Last Trading Day (the “**Review Period**”). The table below illustrates the highest, lowest and the average daily closing prices of the Shares in each month during the Review Period.

Month	Highest closing price of the Shares HK\$	Lowest closing price of the Shares HK\$	Average daily closing price of the Shares HK\$
2015			
December (<i>starting on 23 December 2015</i>)	2.000	1.940	1.965
2016			
January	1.900	1.600	1.734
February (<i>Note</i>)	1.740	1.400	1.648
March (<i>Note</i>)	0.440	0.325	0.375
April	0.330	0.285	0.307
May	0.315	0.236	0.269
June	0.345	0.243	0.305
July	0.290	0.260	0.272
August	0.260	0.227	0.243
September	0.242	0.208	0.221
October	0.232	0.210	0.219
November	0.223	0.204	0.214
December (<i>up to and including the Last Trading Day</i>)	0.217	0.180	0.201

Source: website of Stock Exchange

Note: Trading in the Shares was suspended from 18 February 2016 to 18 March 2016.

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As shown in the table above, the average daily closing price of the Shares ranged from HK\$0.201 to HK\$1.965 per Share which was recorded in December 2016 and December 2015 respectively. We noted that the highest average daily closing price per Share represents a premium of over 877% over the lowest average daily closing price per Share. Such difference indicates that the market prices of the Share were rather volatile during the Review Period. Furthermore, we noted that the trading price of Shares was generally in a decreasing trend. As illustrated in the table above, the lowest average daily closing price of the Shares was recorded in December 2016.

b. Comparison with other rights issues

To further evaluate the fairness and reasonableness of the terms of the Rights Issue, we have also considered a comparison of rights issues conducted by companies listed on the Main Board of the Stock Exchange. We have identified 14 rights issue transaction comparables (i) announced by other companies that are listed on the Main Board of the Stock Exchange during the six months immediately before the date of the Underwriting Agreement; (ii) has market capitalisation of less than HK\$1 billion as at the date of their respective rights issue announcement, being similar in market capitalisation to that of the Company; (iii) did not offer bonus shares or bonus warrants in the rights issue transactions; and (iv) not under prolong suspension (i.e., being suspended for more than 6 months prior to the issue of the rights issue announcement), for reference (refer to collectively as the “**Comparables**”). Furthermore, having considered the recent volatility of the Hong Kong stock market and that the Comparables (i) adequately covered the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) such period represented the recent structure of the rights issues in Hong Kong; and (iii) allowed the Shareholders to have general understanding of the recent rights issue transactions being conducted in the Hong Kong stock market, we considered that the size of the Comparables is adequate.

We confirm that the list of Comparables is an exhaustive list and the Comparables are fair, sufficient and representative samples to illustrate the recent trend and terms of the rights issue transactions under common market practice, even though the Shareholders should note that the businesses, operations and prospects of the Company are not the same as the Comparables and we have not conducted any in-depth investigation into their respective businesses and operations. The Comparables are hence only used to provide a general reference for the common market practice in rights issue transactions of companies listed on the Stock Exchange.

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Company (stock code)	Market capitalisation (in HK\$ million) (Note 1)	Date of announcement	Basis of entitlement	Discount/ (Premium) of effective subscription price to the closing price on the last trading day (%)	Discount/ (Premium) of effective subscription price to the theoretical ex-entitlement price (%)	Maximum dilution in shareholdings (Note 2) (%)	Underwriting commission (%)
Lerado Financial Group Company Limited (1225)	422.26	29-Jun-16	2 for 1	63.64	35.48	66.67	1.50
Wai Yuen Tong Medicine Holdings Limited (897)	265.68	8-Jul-16	3 for 1	48.81	18.87	75.00	2.50
Universe International Holdings Limited (1046)	142.22	12-Jul-16	2 for 1	25.00	9.09	66.67	3.00
GT Group Holdings Limited (263)	288.17	9-Aug-16	1 for 2	32.43	24.24	33.33	3.00
Enterprise Development Holdings Limited (1808)	156.72	12-Aug-16	3 for 1	56.00	21.43	75.00	3.00
Chinlink International Holdings Limited (997)	469.00	7-Sep-16	5 for 1	76.19	33.33	83.33	2.00
Sun Century Group Limited (1383)	375.58	20-Sep-16	3 for 1	20.00	4.76	75.00	3.00
Advanced Card Systems Holdings Limited (2086)	437.45	23-Sep-16	1 for 8	25.97	23.49	11.11	4.00
Eminence Enterprise Limited (616)	217.08	13-Oct-16	3 for 1	33.12	6.36	75.00	1.00
Heng Tai Consumables Group Limited (197)	261.10	20-Oct-16	1 for 1	17.24	7.69	50.00	3.50
Capital VC Limited (2324)	250.45	11-Nov-16	3 for 1	50.00	20.00	75.00	1.50
Ban Loong Holdings Limited (30)	395.26	14-Nov-06	1 for 2	25.68	15.38	33.33	2.50
New Ray Medicine International Holding Limited (6108)	166.58	9-Dec-16	3 for 1	31.25	8.33	75.00	3.50
Huisheng International Holdings Limited (1340)	306.86	15-Dec-16	1 for 2	5.66	3.85	33.33	2.50
Average				42.35	19.67	61.11	2.56
Maximum				76.19	35.48	83.33	4.00
Minimum				20.00	4.76	11.11	1.00
The Company	463.72	22-Dec-16	1 for 1	35.05	21.25	50.00	2.75

Source: website of Stock Exchange

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Notes:

- (1) The market capitalisation is calculated based on the number of issued shares and trading price as at the last trading day of the rights issue announcement.
- (2) The maximum dilution in shareholdings represents the maximum dilution effect on the Qualifying Shareholders' shareholding interests if the Qualifying Shareholders decide not to accept the Rights Issue.

As shown in the above table, the subscription prices of the Comparables ranged from discounts of approximately 20.00% to 76.19% to the respective closing prices of their shares on the last trading days prior to the release of the rights issue announcements (the “**LTD Market Range**”) with an average LTD Market Range of approximately 42.35%. The Subscription Price, which represents a discount of approximately 35.05% to the closing price of the Shares on the Last Trading Day, falls within the LTD Market Range and is below the average LTD Market Range.

Moreover, the subscription prices of the Comparables ranged from discounts of approximately 4.76% to 35.48% to the respective theoretical ex-rights prices of their shares on their respective last trading days prior to the release of the rights issue announcements (the “**TERP Market Range**”) with an average TERP Market Range of approximately 19.67%. The Subscription Price, which represents a discount of approximately 21.25% to the theoretical ex-rights price of the Shares on the Last Trading Day, whilst is slightly above the average TERP Market Range, is still within the TERP Market Range.

Furthermore, it is a common market practice that, in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue, the subscription price of a rights issue normally represents a discount to the prevailing market prices of the relevant shares. With the closing price of the Shares in general in a decreasing trend, the Subscription Price being set at a discount to the prevailing market prices of the Shares is in line with the general practice and is acceptable.

In light of the above and having considered (i) the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter; (ii) the average closing price of the Shares has generally been in a decreasing trend; (iii) the discounts as represented by the Subscription Price fall within the LTD Market Range and the TERP Market Range which are in line with recent market trends; (iv) the Independent Shareholders are offered a chance to express their view on the terms of the Rights Issue (including the Underwriting Agreement) through their votes at the EGM; and (v) the discount on the Subscription Price would attract the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company and participate in the future growth of the Group, we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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6. Underwriting Agreement

Set out below are the principal terms of the Underwriting Agreement. Further details of the terms of the Underwriting Agreement are set out in the Letter from the Board.

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.

(a) Underwriting commission

As set out in the table above, the underwriting commission is 2.75% and was 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. As illustrated in the table set out in the subsection "Comparison with other rights issues" of this letter above, the underwriting commissions of the Comparables ranged from 1.00% to 4.00% with an average underwriting commission of approximately 2.56%. Whilst the 2.75% underwriting commission is slightly above the average underwriting commission of the Comparables, the underwriting commission chargeable by the Underwriter still falls within the range of the underwriting commissions of the Comparables. Further, we noted that there are 7 Comparables which have underwriting commission of 2.75% and/or above. As such, we considered that the underwriting commission chargeable by the Underwriter is in line with the market practice and is also fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

(b) Termination of the Underwriting Agreement

Subject to the fulfillment of the conditions of the Underwriting Agreement, the Rights Issue will not proceed if the Underwriter exercises its termination rights under the Underwriting Agreement. Details of the relevant provisions are set out in the section headed "Rescission and termination of the Underwriting Agreement" in the Letter from

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the Board. As it is a common practice to include termination clauses in the underwriting agreement, we consider such provisions are on normal commercial terms and are in line with the market practice.

We have also reviewed other major terms of the Underwriting Agreement and we are not aware of any terms which are unusual. Consequently, we are of the view that the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

(c) The Underwriter

The Underwriter for the Rights Issue is Emperor Securities. Emperor Securities is an independent underwriter and is a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO.

The Company has not approached other potential underwriters in respect of the Rights Issue, other than Emperor Securities, for the following reasons:

- (i) the Company has a small market capitalization, being HK\$512 million for the 3 months prior to the date of the Underwriting Agreement, and the large scale of the fund to be raised of approximately HK\$301 million which represents approximately 120% of the total assets of the Company of approximately HK\$250 million as at 30 September 2016 could make it difficult for the Company to negotiate with other firms on the terms of the underwriting agreement;
- (ii) the Company is mindful of the laws and regulations in Hong Kong pertaining to the need to preserve the confidentiality of inside information and the proposed Rights Issue is considered by the Company to be highly price sensitive and thus the Company is mindful not to solicit or negotiate with multiple potential underwriters in the market at the same time;
- (iii) the Rights Issue is on a fully underwritten basis which ensures that the Company will raise the proceeds to satisfy its expected funding needs for the next 12 months; and
- (iv) it is time consuming to negotiate with other potential underwriters and there is no guarantee that the Company can obtain terms more favourable than the existing ones.

In this respect, we concurred with the Company's reasons in not approaching other potential underwriters and we are also of the view that the terms of the Underwriting Agreement with the Underwriter are fair and reasonable as:

- (i) the terms of the Underwriting Agreement were determined after arm's length negotiations;

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- (ii) the large scale of the fund to be raised in the Rights Issue;
- (iii) the underwriting commission charged by the Emperor Securities is in line with market practice;
- (iv) Emperor Securities has experienced in underwriting rights issue for listed companies with small market capitalisation similar to the Company. We noted that Emperor Securities was engaged as underwriter for Chinlink International Holdings Limited (stock code: 997) in the Comparables;
- (v) approaching other potential underwriters would likely incur additional time and cost for negotiation and due diligence; and
- (vi) it is prudent for the Company to limit the number of parties to be involved in the Rights Issue before its announcement and in particular when the discussion with other potential underwriters would likely to be just tentative.

In view of the above, the Board's decision not to approach other underwriters in the course of discussing the Underwriting Agreement and the Rights Issue is fair and reasonable and we are also of the view that the terms of the Underwriting Agreement with the Underwriter are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

7. Financial effects of the Rights Issue on the Group

(a) Working capital

Following completion of the Rights Issue, the net proceeds are estimated to be approximately HK\$290 million (assuming no further Shares will be issued or repurchased on or before the Record Date). As such, immediately upon completion of the Rights Issue, the cash level of the Group will increase and hence it is expected to have a positive effect on the working capital of the Group.

(b) Net tangible assets

According to the unaudited pro forma statement of consolidated net tangible assets of the Group as set out in Appendix II to the Circular, assuming completion of the Rights Issue had taken place on 30 September 2016, the Group's consolidated net tangible assets would have been increased by approximately 263.65% from approximately HK\$110.17 million to approximately HK\$400.63 million. Such increase is attributable to the effect of the net proceeds from the Rights Issue. This improvement in the financial position of the Group is beneficial to the Company and the Shareholders as a whole.

As set out above, since the cash level and the consolidated net tangible assets of the Group will increase following completion of the Rights Issue, we are of the view that the Rights Issue would have positive impacts on the working capital and the net tangible assets of the Group.

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8. Effect of the Rights Issue on the shareholding of the Company

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the completion of the Rights Issue.

Qualifying Shareholders who do not accept the Rights Issue and thus the Underwriters are obligated to take up the unsubscribed Right Shares, the maximum dilution effect on the Qualifying Shareholders' shareholding interests will be approximately 50.00%. Details of such dilution effect are presented in the Letter from the Board.

Meanwhile, Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue may (i) subject to availability, acquire additional nil-paid Rights Shares in the market; and (ii) apply for excess Rights Shares.

We are aware of the aforementioned potential dilution to the Independent Shareholders' shareholding interests in the Company. Nonetheless, we consider that the foregoing should be balanced against by the following factors:

- the Independent Shareholders are offered a chance to express their view on the terms of the Rights Issue (including the Underwriting Agreement) through their votes at the EGM;
- the Qualifying Shareholders have their choice whether to accept the Rights Issue or not;
- the Subscription Price is on normal commercial terms and is fair and reasonable;
- the Qualifying Shareholders have the opportunity to realise their nil-paid Rights Shares to subscribe for the Rights Shares in the market for economic benefit (subject to availability);
- the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market prices of Shares and allows the Qualifying Shareholders to participate in the future development of the Company;
- the inherent dilutive nature of the Rights Issue if existing Shareholders do not take up their entitlements under the Rights Issue; and
- the positive financial effect as a result of the Rights Issue as detailed in the subsection "Financial effects of the Rights Issue on the Group" above.

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In addition, we noted from the Comparables as detailed in the table under the previous section of this letter that the maximum dilution to the existing Shareholders as a result of the rights issue transactions ranged from a minimum of 11.11% to a maximum of 83.33% with an average of approximately 61.11%. As such, the maximum dilution of 50.00% to the Shareholders as a result of the Rights Issue is below the average maximum dilution of the Comparables.

Having taken into consideration of the factors above, we considered the potential dilution effect on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable.

RECOMMENDATIONS

Having considered the principal factors discussed above and, in particular the following:

- (i) the Rights Issue is proposed with a view to provide further funding for the Group's business development and expansion and to repay the Group's outstanding debts;
- (ii) the Rights Issue would strengthen the Company's capital base and will have positive impact on the working capital and net assets of the Group;
- (iii) the Rights Issue is one of the most viable fund raising methods as compared to other financing means whilst allowing the Shareholders to maintain their shareholding interests in the Company and to participate in the future growth of the Group;
- (iv) the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter;
- (v) the average closing price of the Shares has generally been in a decreasing trend during the Review Period and therefore the Subscription Price being set at a discount to the closing prices of the Shares at the Last Trading Day is to encourage the Qualifying Shareholders to participate in the Rights Issue;
- (vi) the discounts as represented by the Subscription Price fall within the LTD Market Range and the TERP Market Range which are in line with recent market trends;
- (vii) the discount to the Subscription Price would attract the Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company and participate in the future growth of the Group; and
- (viii) the Independent Shareholders are offered a chance to express their view on the terms of the Rights Issue (including the Underwriting Agreement) through their votes at the EGM,

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we consider the terms of the proposed Rights Issue (including the Underwriting Agreement) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to approve the Rights Issue (including the Underwriting Agreement) at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolutions to approve the Rights Issue (including the Underwriting Agreement) at the EGM.

Yours faithfully,
For and on behalf of
Beijing Securities Limited
Charles Li
Director

* *For identification purpose only*

A. THREE-YEAR FINANCIAL INFORMATION

Financial information with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheets together with the notes to the annual accounts of the Group for each of the three years ended 31 March 2014, 2015 and 2016 are disclosed in pages 33 to 112 of annual report 2013/2014, pages 30 to 112 of annual report 2014/2015 and pages 33 to 104 of the annual report 2015/2016 of the Company respectively.

The said annual reports of the Company are available on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.tackfiori.com).

Please refer to the hyperlinks as stated below.

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0725/LTN20140725087.pdf>

2015 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0708/LTN201507081493.pdf>

2016 annual report:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0714/LTN20160714021.pdf>

B. INDEBTEDNESS

As at close of business on 30 November 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$127,042,000. These borrowings comprised:

- (i) unsecured and unguaranteed borrowings from a director of approximately HK\$10,000,000;
- (ii) unsecured and unguaranteed borrowings from shareholders of approximately HK\$45,300,000;
- (iii) unsecured and unguaranteed borrowings from a related party of approximately HK\$7,023,000; and
- (iv) other unsecured and unguaranteed borrowings of approximately HK\$64,719,000.

Except as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have, as of 30 November 2016, any other debt securities issued and outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, finance lease obligations, mortgages, charges, guarantees or other material contingent liabilities.

C. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internally generated funds, existing facilities available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its requirements for the next twelve months from the Latest Practicable Date.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

E. BUSINESS AND FINANCIAL REVIEW

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

Business and financial review of the Group for the six months ended 30 September 2016

Financial Review

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 services 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 services and education software products and related services

segments (six months ended 30 September 2015: attributable to the education software products and related service segment). The decrease in the Group's overall gross profit margin is owing to a lower gross profit margin of the healthcare services segment when compared to that of 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 time more merger and acquisition transactions were conducted by the Group; and partly offset by the loss of HK\$3.70 million incurred by the healthcare services segment.

Total assets of the Group increased from HK\$86.15 million as at 31 March 2016 to HK\$250.15 million as at 30 September 2016. The increase was mainly attributable to the acquisition of 30% equity interest in Guangzhou Manrui Biotech Company Limited* (廣州漫瑞生物信息技術有限公司) ("Manrui Biotech"), which specialises in research and development of gene testing technologies on non-invasive cancer, at an aggregation consideration of RMB60 million, increase in financial assets at fair value through profit or loss by HK\$29.07 million and increase in loans receivable by HK\$79.97 million.

Total liabilities of the Group increased from HK\$21.33 million as at 31 March 2016 to HK\$138.71 million as at 30 September 2016. The increase was mainly attributable to increase in loans from shareholders by HK\$50.3 million and increase in loans payable by HK\$65.23 million.

Business review

Healthcare services

On 5 April 2016, the Group entered into a set of structure contracts through Beijing Lianhe, its wholly-owned subsidiary, with LifeHealthcare and its shareholders. Pursuant to which Beijing Lianhe 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. On 5 August 2016, the Group acquired 30% equity interest in Manrui Biotech which specialises in research and development of gene testing technologies on non-invasive cancer as mentioned in the above paragraph. 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.

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* ("TJ Healthcare"). TJ Healthcare 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 hospitals' own platforms.

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 current 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 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.

Securities trading and investments

During the current and prior interim periods, the Group had no securities trading activities, as the management is cautious about the performance of the securities trading market and thus 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

The Directors have identified loan financing to be a business with potential from which the Group can generate regular and long-term sustainable income. The Group has also obtained a money lenders licence in Hong Kong in November 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. Loan financing business is the best performed business segment of the Group, amongst other business segments, for the six months ended 30 September 2016.

F. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company principally engages in investment holding. The Group principally engages in (i) healthcare services in the PRC; (ii) development and promotion of education software products and provision of technical support services in the PRC; (iii) apparel retail business in the PRC; (iv) securities trading and investments business in Hong Kong; and (v) loan financing business.

The Directors continue to identify and evaluate opportunities for the Group to diversify and strengthen its revenue streams to maximize returns to the Company's shareholders and have, in particular, identified potential investment opportunities in the healthcare industry and money lending business. The Group is (i) 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; (ii) dedicated to provision of the transition services for hospitals, with the aim of building a stronger and closer business relationship with doctors and hospitals; and (iii) strengthening the money lending business by exploring more potential customers and broadening the business exposure.

Based on the data collected by 全國腫瘤登記中心 (The National Central Cancer Registry*) from local cancer registries, and analyzed to estimate cancer incidence and mortality in the PRC, it is estimated that the PRC has 3,586,000 new cancer cases and 2,187,000 cancer deaths in 2012. Cancer patients are rarely aware of their health conditions and will not seek medical treatment until severe symptoms revealed when late stage of cancer are usually diagnosed, which gives rise to demand for more comprehensive early-screening technologies, especially the genetic testing. The Company expects the demand for non-invasive tumor genetic testing services to be provided by the Group will grow rapidly with the increase of wealth population and health awareness.

The Group provides transition service to hospitals by using its self-developed software to convert health enquiries from the public 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 and generates revenue from the subscribed and used health enquiries by the hospitals. The Company expects the revenue generated from the transition service for hospitals will grow with increasing number of suppliers and customers in the year ahead.

As disclosed in the interim report of the Company, the money lending business is the best performed business segment amongst other business segments of the Company for the six months ended 30 September 2016. The Company has obtained the money lenders license under the Money Lenders Ordinance on 22 November 2016. 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 different channels and expects the money lending business will generate more revenue in the coming year.

The Group will continue and cautiously identify potential investment opportunities especially those related to healthcare and money lending businesses in order to maximize the return to the Shareholders.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET
TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group attributable to owners of the Company has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 September 2016.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue as at 30 September 2016 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016, as extracted from the published interim report of the Company for the six months ended 30 September 2016, and is adjusted for the effect of the Rights Issue described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 per Share <i>HK\$ cents</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 immediately after completion of the Rights Issue per Share <i>HK\$ cents</i> <i>(Note 4)</i>
Based on 2,390,312,650 Rights Shares at Subscription Price of HK\$0.126 per Rights Share	<u>110,173</u>	<u>290,459</u>	<u>400,632</u>	<u>4.61</u>
	<u>8.38</u>			

Notes:

- (1) The amount is determined based on the unaudited consolidated net tangible assets attributable to owners of the Company of approximately HK\$110,173,000 as at 30 September 2016, which is extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016 included in the published interim report of the Company for the six months ended 30 September 2016.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$290,459,000 are calculated based on 2,390,312,650 Rights Shares to be issued at the Subscription Price of HK\$0.126 per Rights Share and after deduction of the estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Rights Issue, of approximately HK\$10,720,000.
- (3) The calculation of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 per Share is determined based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company of HK\$110,173,000 divided by the number of shares in issue of 2,390,312,650 as at 30 September 2016.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 immediately after the completion of the Rights Issue per Share has been arrived at on the basis that 4,780,625,300 Shares, which represent 2,390,312,650 Shares in issue as at 30 September 2016 and 2,390,312,650 Rights Shares to be allotted and issued pursuant to the Rights Issue, were in issue assuming that the Rights Issue had been completed on 30 September 2016.
- (5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.

The following is the text of the independent reporting accountants' assurance report dated 18 January 2017, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, Deloitte Touche Tohmatsu, in respect of the unaudited Pro Forma Financial Information of the Group.

Deloitte.**德勤**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF TACK FIORI INTERNATIONAL GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Tack Fiori International Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 and related notes as set out on pages 60 to 61 of the circular issued by the Company dated 18 January 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 60 to 61 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one rights share for every one share held on the Record Date (as defined in the Circular) at a subscription price of HK\$0.126 per rights share (the "Rights Issue") on the Group's consolidated net tangible assets attributable to owners of the Company as at 30 September 2016 as if the Rights Issue had taken place on 30 September 2016. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2016, on which no auditor's report or review conclusion has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors

in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 January 2017

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

(i) Share capital as at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u> Shares		<u>500,000,000</u>
<i>Issued and fully paid:</i>		
<u>2,390,312,650</u> Shares		<u>23,903,126.5</u>

(ii) Share capital upon completion of the Rights Issue (assuming no further Shares will be issued or repurchased on or before the Record Date)

<i>Authorised:</i>		<i>HK\$</i>
<u>50,000,000,000</u> Shares		<u>500,000,000</u>
<i>Issued and fully paid:</i>		
2,390,312,650 Shares		23,903,126.5
<u>2,390,312,650</u> Rights Shares to be allotted and issued under the Rights Issue		<u>23,903,126.5</u>
<u>4,780,625,300</u> Shares in issue immediately upon completion of the Rights Issue		<u>47,806,253</u>

All the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought

for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived. As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

3. DIRECTORS' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company
Mr. Hua Yunbo ^(Note)	Interest of controlled corporation	319,688,000	13.37%
Ms. Shan Hua ^(Note)	Interest of controlled corporation	319,688,000	13.37%

Note: These interests are held by Powerful Software which 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 therefore deemed to be interested in the Shares held by Powerful Software.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

4. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS

- (i) None of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there were no existing or proposed service contracts between the Directors and any member of the Group which were not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

(a) Interest in the Shares

Name	Capacity	Number of Shares interested in	Approximate percentage of interest
Powerful Software (<i>Note 1</i>)	Beneficial owner	319,688,000	13.37%
Wang Liang (<i>Note 2</i>)	Interest of controlled corporation	304,610,860	12.74%
Cherrie Holdings Limited (<i>Note 2</i>)	Beneficial owner	304,610,860	12.74%
Emperor Capital Group Limited (<i>Note 3</i>)	Interest of controlled corporation	2,070,624,650	43.31%
Albert Yeung Holdings Limited (<i>Note 4</i>)	Interest of controlled corporation	2,070,624,650	43.31%
STC International Limited (<i>Note 5</i>)	Trustee	2,070,624,650	43.31%
Dr. Yeung Sau Shing, Albert (<i>Note 6</i>)	Founder of discretionary trust	2,070,624,650	43.31%
Luk Siu Man, Semon (<i>Note 7</i>)	Interest of spouse	2,070,624,650	43.31%

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.
2. Cherrie Holdings Limited is wholly-owned by Wang Liang.
3. Emperor Capital Group Limited was a controlling shareholder of Emperor Securities Limited.
4. Albert Yeung Holdings Limited was a controlling shareholder of Emperor Capital Group Limited.
5. STC International Limited was the trustee of the Albert Yeung Discretionary Trust and a controlling shareholder of Albert Yeung Holdings Limited.
6. Dr. Yeung Sau Shing, Albert was the founder of the Albert Yeung Discretionary Trust.
7. Luk Siu Man, Semon was the spouse of Dr. Yeung Sau Shing, Albert.

(b) Interest in the equity interest of other members of the Group

Other members of the Group	Name of Shareholder	Percentage of shareholding
LifeHealthcare (Hangzhou) Co., Ltd.* (杭州蓮和醫學檢驗所有限公司)	Manrui Biotech	40%

Save as disclosed above, as at Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

7. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance, known to the Directors, pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding and including the Latest Practicable Date and were or might be material:

1. a sale and purchase agreement dated 18 November 2015 between Master Goal Holdings Limited (a wholly-owned subsidiary of the Company, as purchaser), BJ Tianya (as target company) and 北京網秦天下科技有限公司 (as vendor) in relation to the acquisition of the entire equity interest in BJ Tianya at a consideration of US\$40,000,000. The agreement was terminated on 15 December 2015;
2. a placing and subscription agreement dated 21 December 2015 between Mr. Feng Xiaogang, a Director (as vendor), the Company (as issuer) and Haitong International Securities Company Limited (as placing agent) pursuant to which Mr. Feng has, inter alia, conditionally agreed to subscribe up to 85,000,000 new Shares, at the price of HK\$1.90 per share. On 4 January 2016, the Directors decided not to proceed with the proposed subscription;
3. an agreement dated 18 February 2016 between Tack Fiori International Group Limited (a wholly-owned subsidiary of the Company, as vendor) and Mr. Hua Tao (as purchaser) for disposal of the entire issued share capital of Victoria Victor Limited (an indirect wholly-owned subsidiary of the Company). The agreement was terminated on 29 February 2016;
4. a conditional sale and purchase agreement dated 29 February 2016 between Link-Hospital International Limited (“LHIL”, a wholly-owned subsidiary of the Company, as purchaser), Mr. Li Guanghui (“Mr. Li”) (as vendor) and the Company pursuant to which LHIL or its nominee has conditionally agreed to acquire, and Mr. Li has conditionally agreed to sell, the subject equity, which is between 33% and 55% of the equity interest in 長春吉科生物技術有限公司 at a consideration ranging from approximately RMB81 million to approximately RMB135 million depending on the percentage of equity interest acquired. The agreement was terminated on 19 March 2016;
5. an exclusive cooperation agreement, an exclusive call option agreement, a power of attorney and a share pledge agreement (collectively, the “VIE Agreements”) all dated 5 April 2016 between Beijing Lianhe (a wholly-owned subsidiary of the Company), LifeHealthcare and the two registered shareholders of LifeHealthcare who hold all the equity capital of LifeHealthcare, through which the Group is to provide services to LifeHealthcare and receive 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. The VIE Agreements were superseded by a new set of agreements dated 10 November 2016;
6. an agreement dated 1 August 2016 between the Company, LifeHealthcare (as purchaser), Manrui Biotech (as target company), Mr. Wang Xiaogang, Hangzhou Yayun Investment Management Company Limited* (杭州雅韻投資管理有限公司)

(together with Mr. Wang Xiaogang as sellers) and Super High Global Limited pursuant to which, inter alia, LifeHealthcare conditionally agreed to purchase from the sellers 30% equity interest in Manrui Biotech at a total consideration of RMB60,000,000;

7. a new set of VIE Agreements dated 10 November 2016 between Beijing Lianhe, LifeHealthcare and the two registered shareholders of LifeHealthcare who hold all the equity capital of LifeHealthcare, which superseded the VIE Agreements dated 5 April 2016; and
8. the Underwriting Agreement.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advices which are contained in this circular:

Name	Qualifications
Deloitte Touche Tohmatsu	Certified Public Accountants
Beijing Securities Limited	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since 31 March 2016 (the date to which the latest published audited financial statements of the Group were made up), acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal Office In Hong Kong	Room 2201, 22/F Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong
Authorised Representatives	Ms. Shan Hua Room 2201, 22/F Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong Mr. Chung Yau Tong Room 2201, 22/F Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong
Company Secretary	Mr. Chung Yau Tong (<i>a certified public accountant of the Hong Kong Institute of Certified Public Accountants</i>)
Auditor/Reporting Accountants	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
Principal Banker	The Hongkong and Shanghai Banking Corporation Limited
Cayman Islands Principal Share Registrar And Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar And Transfer Office	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

Legal Adviser to the Company as to the Rights Issue	<i>as to Hong Kong Law:</i> Vincent T.K. Cheung, Yap & Co 11th Floor, Central Building 1-3 Pedder Street Central Hong Kong
Underwriter	Emperor Securities Limited 23-24/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Financial Adviser to the Company as to the Rights Issue	Emperor Capital Limited 28/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as to the Rights Issue	Beijing Securities Limited 14/F, Shanghai Industrial Investment Building 48 Hennessy Road Wanchai Hong Kong

11. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Hua Yunbo (“**Mr. Hua**”), aged 40, holds a Bachelor degree in computer software from Beijing University. Mr. Hua was appointed as an executive director of the Company, the President of the Company and Chairman of the Board of Directors of the Company in February 2016. He is also a member of Nomination Committee. Mr. Hua has over 15 years experience in medical and healthcare online platform related industry. He was the founder, director and general manager of BJ Tianya.

Ms. Shan Hua (“**Ms. Shan**”), aged 39, holds a Bachelor of Law degree from the SouthWest Jiaotong University and a Master of Civil Procedure Law degree from the SouthWest University of Political Science of Law. Ms. Shan was appointed as an executive director and chief executive officer of the Company in December 2015. She has been a member of Remuneration Committee since February 2016. Ms. Shan has over 10 years experience working as senior management at listed companies. She had worked as senior management in NQ Mobile Inc., a company whose shares are listed on New York Stock Exchange and AsiaInfo-Linkage Inc..

Non-Executive Director

Dr. Feng Xiaogang (“**Dr. Feng**”), aged 51, holds a Bachelor degree in Law from the Tianjin Normal University, a Master degree in Business Administration from the University of Science and Technology Beijing and a Doctor of Philosophy degree in Management from Twintech International University College of Technology. Dr. Feng was appointed as an executive director of the Company in December 2014 and was re-designated as a non-executive director in February 2016. Dr. Feng has extensive experience in investment and management. Dr. Feng currently acts as an investment consultant for various companies in the PRC and overseas. During the period from 2001 to 2013, he was a senior management of Ambow Education Holding Ltd. (“**Ambow Education**”), a company whose shares are listed on New York Stock Exchange. During the period at Ambow Education, Dr. Feng was involved in various fund raising projects, mergers and acquisitions involving educational institutions in PRC. Prior to joining Ambow Education, Dr. Feng also worked in a PRC government entity and various international companies mainly responsible for investment and business management.

Independent Non-Executive Directors

Mr. Liu Xinghua (“**Mr. Liu**”), aged 60, was appointed as an independent non-executive Director and the chairman of the nomination committee of the Company with effect from 12 September 2016. Mr. Liu is currently a senior management of a fund company. Mr. Liu was with Industrial Bank Co., Ltd. since August 2001 to August 2016, where he held the position of president of Beijing Dongdan sub-branch, Shijingshan Science & Technology Park sub-branch and Fengtai sub-branch. Mr. Liu has approximately 30 years’ experience in the financial services industry. Mr. Liu holds a bachelor degree in Chinese language and literature from Beijing Normal University in the PRC.

Mr. Zhoujian (“**Mr. Zhou**”), aged 43, was appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company with effect from 12 September 2016. Mr. Zhou is currently an executive director and the Chief Operating Officer of Yuan Heng Gas Holdings Limited (Stock code: 332). Mr. Zhou was also a senior manager in the oil storage and distribution divisions of Titan Petrochemicals Group Limited (Stock code: 1192). Mr. Zhou has over 15 years of extensive working experience in the operation and management of companies, and many years working experience of senior management in Hong Kong listed companies, and is familiar with the operation, compliance and governance of Hong Kong listed companies. Mr. Zhou holds a Master’s degree in Economics from the Central University of Finance and Economics, the PRC.

Mr. Zheng Chunlei (“**Mr. Zheng**”), aged 41, holds a Master degree in computer science and technology from Peking University. Mr. Zheng was appointed as an independent non-executive director of the Company in December 2014 and is a member of each of the audit committee and the nomination committee of the Company. Mr. Zheng

has over 10 years experience in information technology industry and has extensive experience in management and product development in information technology and mobile game industry.

Ms. Zhang Xuyang (“**Ms. Zhang**”), aged 38, holds a Master degree of management and bachelor degree of economics from Tsinghua University. Ms. Zhang was appointed as an independent non-executive Director, the chairman of audit committee and a member of remuneration committee with effect from 22 August 2016. Ms. Zhang has over 14 years of working experience in auditing, accounting, corporate finance and financial management, in both private and listed companies and also international audit firm.

Business address of the Directors

The business address of the Directors is the same as the Company’s principal office in Hong Kong at Room 2201, 22/F., Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong.

12. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$11 million and are payable by the Company.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Room 2201, 22/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the EGM:

- (i) the memorandum of association and the articles of association of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 March 2015 and 31 March 2016;
- (iii) the letter from the Independent Board Committee, the text of which is set out on page 30 of this circular;
- (iv) the letter of advice from Beijing Securities, the text of which is set out on pages 31 to 54 of this circular;
- (v) the independent reporting accountants’ assurance report on the unaudited pro forma financial information of the Group issued by Deloitte Touche Tohmatsu set out in Appendix II to this circular;
- (vi) the written consents referred to in the paragraph under the heading “Experts and Consents” in this Appendix;

(vii) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix; and

(viii) this circular.

14. GENERAL

In case of inconsistency, the English text of this circular, the accompanying notice of the EGM and form of proxy shall prevail over its Chinese text.

NOTICE OF EGM



TACK FIORI INTERNATIONAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of Tack Fiori International Group Limited (the “**Company**”) will be held at Room 2201, 22/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 7 February 2017 for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the underwriting agreement dated 22 December 2016 (the “**Underwriting Agreement**”) entered into between the Company as issuer and Emperor Securities Limited (the “**Underwriter**”) as underwriter (a copy of which has been produced to the EGM marked “A” and initialled by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder (including but not limited to the arrangement for the taking up of the unsubscribed Rights Shares, if any, by the Underwriter) be and are hereby approved, confirmed and ratified;
- (b) subject to the Underwriting Agreement becoming unconditional and the Underwriting Agreement not having been terminated by the Underwriter in accordance with the terms thereof,
 - (i) the issue by way of rights (the “**Rights Issue**”) of 2,390,312,650 new Shares (each a “**Rights Share**”) at the subscription price of HK\$0.126 per Rights Share to the shareholders of the Company (“**Shareholders**”) whose names appear on the register of members of the Company on the date by reference to which entitlements to the Rights Issue are to be determined (the “**Record Date**”) (excluding those Shareholders (the “**Non-Qualifying Shareholders**”) with registered addresses outside Hong Kong whom the directors of the Company (the “**Directors**”) consider it necessary or expedient to exclude, after making the relevant enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in that place) (the “**Qualifying Shareholders**”) on the basis of one Rights Share for every one Share then held by Qualifying Shareholders on the Record Date be and is hereby approved; and

NOTICE OF EGM

- (ii) the board (the “**Board**”) of Directors (or its duly constitution committee) be and is hereby authorised to allot and issue the Rights Shares (in their nil-paid and fully-paid forms) pursuant to the Rights Issue; and
- (c) the Board (or its duly constituted committee) be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as it considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and to make or agree such variations, amendments or waiver as may in its discretion consider to be desirable and in the interests of the Company.”

By order of the Board
Tack Fiori International Group Limited
Shan Hua
Executive Director

Hong Kong, 18 January 2017

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Office in Hong Kong:
Room 2201, 22/F
Kwan Chart Tower
No. 6 Tonnochy Road
Wanchai
Hong Kong

Notes:

1. A form of proxy to be used for the EGM is enclosed.
2. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. The form of proxy must be signed by you or your attorney duly authorised in writing, or in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.
4. To be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting, or poll concerned and, in such case, the instrument appointing a proxy shall deem to be revoked.
5. In the case of joint holders of a share, the vote of the person, whether attending in person or by proxy, whose name stands first on the register of members of the Company in respect of such share shall be accepted to the exclusion of the vote(s) of the other joint holder(s).