

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際(控股)有限公司*

(Incorporation in the Cayman Islands with limited liability)

(Stock Code: 8103)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Tai Shing International (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

* for identification purpose only

HIGHLIGHTS

- Revenue for the nine months ended 31 December 2014 amounted to approximately HK\$60 million representing an increase of approximately 35% over the corresponding period in 2013.
- Loss attributable to the shareholders for the nine months ended 31 December 2014 amounted to approximately HK\$2.6 million. (2013: loss of approximately HK\$130.9 million)
- Loss per share for the nine months ended 31 December 2014 was approximately 0.24 HK cents. (2013: loss per share 13.15 HK cents)
- The Board does not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 December 2014, together with the unaudited comparative figures for the corresponding periods in 2013, are as follows:–

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Revenue	4	45,977	23,489	59,944	44,370
Cost of services		(42,513)	(18,090)	(55,372)	(36,358)
Gross profit		3,464	5,399	4,572	8,012
Other income	5	1,262	69	3,434	446
Selling and distribution expenses		(26)	(9)	(69)	(27)
Administrative expenses		(1,784)	(10,048)	(5,373)	(19,532)
Other expenses, gains and losses	6	2,117	5,269	(18)	(113,047)
Finance costs	7	(1,766)	(1,861)	(5,145)	(6,726)
Profit/(loss) before taxation		3,267	(1,181)	(2,599)	(130,874)
Income tax expenses	8	–	–	–	–
Profit/(loss) for the period	9	3,267	(1,181)	(2,599)	(130,874)
Other comprehensive expense for the period that may be reclassified to profit or loss					
– exchange difference arising on translation		(254)	(46)	(297)	(276)
– exchange difference reclassified to profit or loss upon disposal of a subsidiary		–	(172)	–	(172)
Total comprehensive income/(expense) for the period		<u>3,013</u>	<u>(1,399)</u>	<u>(2,896)</u>	<u>(131,322)</u>
Profit/(loss) for the period attributable to: Owners of the Company		<u>3,267</u>	<u>(1,181)</u>	<u>(2,599)</u>	<u>(130,874)</u>
Total comprehensive income/(expense) attributable to: Owners of the Company		<u>3,013</u>	<u>(1,399)</u>	<u>(2,896)</u>	<u>(131,322)</u>
Earnings/(loss) per share					
– basic (HK cents)	11	0.30	(0.11)	(0.24)	(13.15)
– diluted (HK cents)		0.29	NA	NA	NA

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room M2B2, 7/F., Kaiser Estate, Phase 3, No.11 Hok Yuen Street, Hung Hom, Kowloon, Hong Kong. The Company's shares are listed on GEM.

2. BASIS OF PREPARATION

The Group's unaudited condensed consolidated financial information for the nine months ended 31 December 2014 has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The principal accounting policies applied in preparing the unaudited condensed consolidated financial information for the nine months ended 31 December 2014 are set out in note 3.

3. PRINCIPAL ACCOUNTING POLICIES

The amounts included in the unaudited condensed consolidated financial information for the nine months ended 31 December 2014 has been computed in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRS.

The accounting policies used in the unaudited condensed consolidated financial information for the nine months ended 31 December 2014 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2014.

The unaudited condensed consolidated financial information for the nine months ended 31 December 2014 has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

In the current interim period, the Group has applied all the new and revised HKFRS issued by the HKICPA that are effective for the current interim period. The application of the new and revised HKFRS has had no material effect on the amounts reported and/or disclosure in the unaudited condensed consolidated financial information.

4. REVENUE

Revenue, which is also the turnover of Group, represents the amounts arising from systems development, professional services rendered and trading activities, net of sales related taxes if any.

An analysis of the revenue by principal activities of the operations of the Group during the reporting periods is as follows:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Systems development	18,419	21,403	30,294	37,454
Professional services fees	18,088	2,086	20,180	6,916
Sales of goods	9,470	–	9,470	–
	45,977	23,489	59,944	44,370

5. OTHER INCOME

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	8	7	18	29
Imputed interest income	1,071	–	3,213	–
Value added tax refund	181	1	181	336
Sundry income	2	61	22	81
	1,262	69	3,434	446

6. OTHER EXPENSES, GAINS AND LOSSES

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss/(gain) on financial assets at fair value				
through profit and loss	(185)	32	(183)	160
Impairment loss in respect of				
– trade receivables	(755)	259	2,247	280
– investment (<i>Note a</i>)	–	–	–	102,507
– deposit paid for acquisition of subsidiary (<i>Note b</i>)	–	–	–	20,000
Gain on change in fair value of the derivative				
components of convertible note	–	–	–	(379)
Gain on disposal in respect of				
– financial assets at fair value through profit and loss	(91)	–	(91)	(22)
– property, plant and equipment	–	(1,600)	(655)	(1,600)
Loss/(gain) arising from (<i>Note c</i>)				
– disposal of a subsidiary per Disposal Agreement	–	(7,565)	–	(7,565)
– deferred cash consideration	–	3,685	–	3,685
Reversal of impairment loss in respect of				
– trade receivables	(971)	–	(1,059)	(2,210)
– other receivables	(115)	(80)	(241)	(1,809)
	<u>(2,117)</u>	<u>(5,269)</u>	<u>18</u>	<u>113,047</u>

Note

- (a) For the nine months ended 31 December 2013, the amount represents the impairment loss made on Tirack Holdings Corporation and its subsidiaries (collectively known as “Tirack”) acquired by the Company in April 2013. For details, please refer to the Company’s interim announcement for the six months ended 30 September 2013 dated 15 January 2015.
- (b) For the nine months ended 31 December 2013, the amount represents the impairment loss made for the deposit paid for possible acquisition of Fame Thrive Limited. For details, please refer to p.14 and 15 of the Company’s results announcement for the three months ended 30 June 2013 dated 30 November 2014.
- (c) On 28 March 2013, the Group entered into an agreement with the purchaser (a third party) for the disposal of the Company’s 51% equity interest in a subsidiary, 上海景福保險經紀有限公司(「上海景福」, formerly known as 青島博達保險經紀有限公司) for a cash consideration of RMB20 million (equivalent to approximately HK\$25.2 million) (the “Disposal Agreement”). The completion took place in October 2013 and part of the consideration of RMB5 million was received by the Group. On 3 July 2014, the Company and the purchaser reached an agreement for the revision of terms of settlement of the outstanding disposal consideration, under which the outstanding consideration of RMB15 million will be paid by the purchaser to the Company in five equal instalments of RMB3 million over one year. As at the date of this announcement, HK\$1.2 million has been received by the Group under the revised terms of settlement. In February 2015, the Company and the purchaser executed a new settlement agreement to revise the settlement terms in relation to the outstanding disposal consideration of HK\$17.7 million (equivalent to approximately RMB14 million) which will be paid by the purchaser to the Company in seven

instalments on or before 31 March 2016. The present value of the disposal consideration is estimated by applying a discount rate of 12% per annum based on the revised terms of settlement and resulted in a loss of HK\$3.7 million. As at the date of this announcement, there is no outstanding balance according to the new settlement agreement. The Company will continue to follow up proactively with the purchaser for payment of the remaining amount.

	<i>HK\$'000</i>
Net assets disposed of:	
Assets classified as held for sale	20,500
Reclassification of exchange reserve	(172)
Less: Non-controlling interest	(2,693)
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	17,635
Gain on disposal of a subsidiary based on cash consideration per Disposal Agreement	7,565
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Total cash consideration per Disposal Agreement	25,200
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Gain on disposal of a subsidiary based on cash consideration per Disposal Agreement	7,565
Loss arising from deferred cash consideration based on revised settlement terms	(3,685)
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Net gain recognised	3,880
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The non-controlling interests recognized at the disposal date were measured at the non-controlling interests' proportional share of the fair value of the identifiable net assets which amounted to HK\$2,693,000.

7. FINANCE COSTS

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing repayable within one year	360	322	938	889
Interest on promissory note payable	303	300	901	976
Interest on amount due to noteholder	189	193	562	1,028
Interest on convertible bonds	914	790	2,741	3,519
Finance costs on finance lease	–	256	3	314
	<hr/>	<hr/>	<hr/>	<hr/>
	1,766	1,861	5,145	6,726
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8. INCOME TAX EXPENSES

- (a) Hong Kong profit tax has not been provided for in the unaudited condensed consolidated financial information as there was no estimated assessable profit derived from Hong Kong during the nine months ended 31 December 2014 and 2013.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the standard tax rate is 25%.

9. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period has arrived at after charging:

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff costs				
Salaries and other benefits	832	1,174	2,360	2,798
Retirement benefits scheme contributions	61	95	157	288
	<u>893</u>	<u>1,269</u>	<u>2,517</u>	<u>3,086</u>
Auditors' remuneration	163	140	638	420
Amortisation	–	1,562	–	4,687
Depreciation	179	118	548	1,025
Operating leases	122	148	314	489
	<u>122</u>	<u>148</u>	<u>314</u>	<u>489</u>

10. DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 31 December 2014 (2013: Nil).

11. EARNINGS/(LOSS) PER SHARE

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

Earnings/(Loss)

	UNAUDITED			
	Three months ended		Nine months ended	
	31 December		31 December	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings/(loss) per share (profit/(loss) for the period attributable to owners of the Company)	3,267	(1,181)	(2,599)	(130,874)
Effect of dilutive potential ordinary shares: Adjustment in relation to exercise of warrants	—	—	—	—
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	<u>3,267</u>	—	—	—

Number of shares

Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	1,083,223,857	1,083,223,857	1,083,223,857	995,020,741
Effect of dilutive potential ordinary shares: Warrants	<u>57,380,000</u>	—	—	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	<u>1,140,603,857</u>	—	—	—

The calculation of diluted loss per share for the three months ended 31 December 2014 does not include the conversion of convertible bonds as it has anti-dilutive effect.

Diluted loss per share is not presented for comparative figures and for the nine months ended 31 December 2014 because the Group recorded a loss for the corresponding periods presented and the impact of conversion of convertible bonds/ note and exercise of share options and warrants, if any, is regarded as anti-dilutive.

12. RESERVES

	Share Premium HK\$'000	General Reserve HK\$'000	Capital Reserve HK\$'000	Share Option Reserve HK\$'000	Exchange Translation Reserve HK\$'000	Warrants Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000	Non- Controlling Interest HK\$'000	Total HK\$'000
At 1 April 2013 (audited)	385,477	3,056	1,200	1,810	6,884	1,147	(324,377)	75,197	2,693	77,890
Loss for the period	-	-	-	-	-	-	(130,874)	(130,874)	-	(130,874)
Exchange difference arising on translation of foreign operations	-	-	-	-	(276)	-	-	(276)	-	(276)
Reclassified to profit or loss upon disposal of a subsidiary	-	-	-	-	(172)	-	-	(172)	-	(172)
Total comprehensive expense for the period	-	-	-	-	(448)	-	(130,874)	(131,322)	-	(131,322)
Disposal of a subsidiary (Note 6c)	-	-	-	-	-	-	-	-	(2,693)	(2,693)
Issue of share upon										
- Placement of shares	5,130	-	-	-	-	-	-	5,130	-	5,130
- Zero coupon convertible bonds	20,199	-	-	-	-	-	-	20,199	-	20,199
Share placement expenses	(389)	-	-	-	-	-	-	(389)	-	(389)
At 31 December 2013	410,417	3,056	1,200	1,810	6,436	1,147	(455,251)	(31,185)	-	(31,185)
At 1 April 2014 (audited)	417,565	3,056	1,200	1,810	5,953	1,147	(531,396)	(100,665)	-	(100,665)
Loss for the period	-	-	-	-	-	-	(2,599)	(2,599)	-	(2,599)
Exchange difference arising on translation of foreign operations	-	-	-	-	(297)	-	-	(297)	-	(297)
Total comprehensive income/(expense) for the period	-	-	-	-	(297)	-	(2,599)	(2,896)	-	(2,896)
Lapse of share options	-	-	-	(1,810)	-	-	1,810	-	-	-
At 31 December 2014 (unaudited)	417,565	3,056	1,200	-	5,656	1,147	(532,185)	(103,561)	-	(103,561)

13. LITIGATION

On 4 April 2014, the Company was served with a sealed copy of a petition (the “Petition”) issued by Metal Winner Limited (“MWL”) in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the “Winding-up Proceedings”) under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK\$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this announcement, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL’s. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the “Injunction Proceedings”) against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the “Restrained Acts”). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the nine months ended 31 December 2014 amounted to approximately HK\$60 million representing an increase of approximately 35% as compared to the corresponding period in 2013.

FINANCIAL PERFORMANCE

During the nine months ended 31 December 2014, the Group recorded a revenue of approximately HK\$60 million (2013: HK\$44 million) representing an increase of approximately 35% as compared to that of the corresponding period in 2013. Administrative expenses decreased to approximately HK\$5.4 million as compared to approximately HK\$19.5 million of the previous corresponding period, representing a decrease of approximately 73% as compared to that of the corresponding period in 2013. Loss attributable to the shareholders was approximately HK\$2.6 million (2013: loss of HK\$130.9 million).

FUTURE PROSPECTS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group is broadening its perspective beyond the IT sector and potentially also invest into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/ acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. In addition, it was stated previously that the Group intended to enter into the financial and financial services sector. As at the date of this announcement, the Group has already commenced its proprietary trading business. The Group also successfully renewed its money lending business recently. Trading in securities, printing services and money lending have now also become the principal businesses of the Group. The Board is of the view that potential new investments and acquisitions together with the existing businesses will bring further value to the shareholders as a whole in the coming future.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company has not completed any material acquisitions or disposal during the period.

On 28 April 2015, the Group has entered into an agreement with an independent third party for the acquisition of 100% of the issued share capital of Wilco Printing Co., Limited ("Wilco") and the director's loan to Wilco at a consideration of HK\$1,537,029. Please refer to the announcement of the Company dated 28 April 2015 for further details of the acquisition. Wilco is principally engaged in the provision of printing services and solutions on advertisement, brochures and bound books to customers mainly in Hong Kong. After the acquisition, printing services become one of the principal businesses of the Group. As at the date of this announcement, the fair values of certain assets and liabilities and the purchase consideration have not been determined.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December 2014, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (“SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Long positions in underlying shares of equity derivatives and debentures of the Company

As at 31 December 2014, no long positions of the Directors and chief executive of the Company in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in shares, underlying shares of equity derivatives and debentures of the Company

During the period under review, no short positions of the Directors and chief executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivative and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31 December 2014, the person (other than a director or chief executive of the Company) who have interests 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, to be interested in 5% 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 member of the Group, were as follows:

Name of the shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 1)
Mr. Li Ming Ren	Beneficial owner	114,285,715	10.55%

Note:

1. As at 31 December 2014, the issued share capital of the Company was 1,083,223,857 shares.

Short positions in underlying shares of the Company

As at 31 December 2014, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

As at 31 December 2014, the Directors were not aware of any person who had an interest or short position in the underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a Director of the Group had a material interest, whether directly or indirectly, subsisted at the nine months ended 31 December 2014 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As at 31 December 2014, none of the Directors or substantial shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Corporate Governance Code (the “**Code**”).

The audit committee of the Company reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The unaudited condensed consolidated financial information of the Group for the period ended 31 December 2014 have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Code contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the period:

Code Provision A.2.1 – Throughout the period under review, the role of chief executive officer was assumed by Mr. Liu Bo from 1 April 2014 to 29 July 2014, who was an executive Director and the chairman of the Board. Dr. Chew Chee Wah was appointed as chairman of the Board on 29 July 2014 and the role of chief executive officer was assumed by Dr. Chew Chee Wah from 29 July 2014 to 5 August 2014. The roles of chairman and chief executive officer were separated on 5 August 2014 when Mr. Tam Kwok Leung was appointed as chief executive officer.

OTHER MATTERS

1. Wanquan – Wang Yu Sha (王雨莎)

On 9 September 2013, a deed of settlement was entered into between the Company and the trustee 王雨莎 (“Wang Yu Sha”) of the 20% equity interests in Shanghai Wanquan Insurance Brokers Limited (“Wanquan” or “上海萬全保險經紀有限公司”) (currently known as 上海君翊保險經紀有限公司 or Shanghai Junyi Insurance Brokers Limited) which was acquired by the Group in March 2011, in which such equity interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. Pursuant to the said deed of settlement, the said trustee agreed to pay a settlement fee in the sum of HK\$30 million to the Company in four equal instalments in cash on a quarterly basis from on or before 9 December 2013 onwards. Please refer to the announcement of the Company dated 9 September 2013 for further details of the deed of settlement. The trustee has already paid HK\$3 million out of the first instalment of HK\$7.5 million due on 9 December 2013. The Company has demanded the trustee to pay up the outstanding overdue sum and to put up collateral for the balance of the settlement sum.

In view of the fact that only HK\$3 million out of the HK\$30 million settlement fee has been paid, and the remaining has become overdue, the Directors have serious concerns over the recoverability of the settlement fees. The investment in Wanquan had been impaired in full for the year ended 31 March 2013.

The Company has commenced legal proceedings in the High Court of Hong Kong against the trustee to recover the outstanding amount. Judgment for a sum of HK\$19.5 million (being the outstanding balance of the first three instalments) has been obtained against the trustee. The overall strategy of the Company is to take all reasonable and economical measures to recover the judgment debt and the remaining balance of the settlement fees in full. The Company has conducted some investigation on whether the trustee has any assets in Hong Kong for purpose of enforcement of the judgment. However, up to date, the Company could not find any assets held by the trustee in Hong Kong. Since the trustee is a mainland citizen, the Company is obtaining legal advice from PRC lawyers to see it is possible and practicable to take legal action in the PRC. The Company will keep shareholders informed promptly on the progress in recovering such judgment debt and outstanding settlement fees.

2. Gold Tycoon Limited

On 20 April 2011, the Company and Gold Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability, entered into the memorandum of broad terms in relation to the proposed acquisition of not less than 50% of the entire issued share capital of the Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC.

Subsequently on 17 May 2011, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of broad terms to provide for the payment of HK\$25 million to Gold Tycoon Limited as an interest-free refundable earnest money for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited and as part payment of the consideration if the definitive agreement is entered into between the Company (or its nominee) and Gold Tycoon Limited. The earnest money was paid by the Company to Gold Tycoon Limited upon signing of the addendum.

On 28 September 2012, the Company and Gold Tycoon Limited entered into an addendum to the memorandum of board terms that the scale of the possible acquisition would be reduced from not less than 50% to not more than 20% of the entire issued share capital of Gold Depot Investments Limited.

Pursuant to the addenda entered into between the Company and Gold Tycoon Limited on 17 October 2011, 30 December 2011, 29 June 2012, 28 September 2012, 29 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014, the exclusivity period in which Gold Tycoon Limited shall not, among other things, directly or indirectly, discuss or negotiate with any other party for the purpose of frustrating or impeding the furtherance of the transaction contemplated under the memorandum of broad terms has been extended to 30 April 2014.

As mentioned above, the exclusivity period for the acquisition of Gold Depot Investments Limited expired on 30 April 2014. As stated in the Company's announcement dated 20 April 2011, the memorandum of broad terms would automatically terminate upon the expiry of the exclusivity period. The memorandum and the exclusivity period were not extended beyond 30 April 2014. Negotiations of the acquisition have also terminated.

Pursuant to the memorandum, within 3 days after expiry of the exclusive period, the vendor shall refund the HK\$25 million earnest money to the Company. On 28 November 2014, a settlement agreement between the Company and Gold Tycoon Limited was executed. Pursuant to the settlement agreement, Gold Tycoon Limited will repay the earnest money of HK\$25 million (the "**Settlement Amount**") to the Company with the following payment schedule: (i) HK\$3 million shall be paid to the Company on or before 30 April 2015, being the first installment of the Settlement Amount; (ii) HK\$3 million shall be paid to the Company on or before 31 July 2015, being the second installment of the Settlement Amount; (iii) HK\$3 million shall be paid to the Company on or before 31 October 2015, being the third installment of the Settlement Amount; (iv) HK\$4 million shall be paid to the Company on or before 31 January 2016, being the fourth installment of the Settlement Amount; (v) HK\$4 million shall be paid to the Company on or before 30 April 2016, being the fifth installment of the Settlement Amount; (vi) HK\$4 million shall be paid to the Company on or before 31 July 2016, being the sixth installment of the Settlement Amount; and (vii) HK\$4 million shall be paid to the Company on or before 31 October 2016, being the final installment of the Settlement Amount.

Details of the above possible acquisition were disclosed in the announcements of the Company dated 20 April 2011, 17 May 2011, 7 October 2011, 30 December 2011, 29 June 2012, 28 September 2012, 29 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014.

In view of the fact that a settlement agreement was being executed on 28 November 2014 and the Company has assessed the financial capability of the vendor by examining the documents and information provided by the vendor and understood that the vendor is the major beneficial owner of the target gold mine. The Directors are of the view that the vendor would be able to repay the earnest money. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money (including possible legal actions should the vendor fail to honor its obligations to return the earnest money). The Company will keep shareholders informed promptly on the progress in recovering the earnest money. As at the date of this announcement, there is no outstanding balance according to the settlement agreement.

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

During the nine months period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:00 a.m. on 2 July 2013 and will remain suspended until further notice.

On behalf of the Board
Tai Shing International (Holdings) Limited
Zhang He
Executive Director

Hong Kong, 25 June 2015

As at the date hereof, the Board comprises the following directors:

Executive Directors:

Dr. Chew Chee Wah (*Chairman*)

Mr. Tam Kwok Leung (*Chief Executive Officer*)

Ms. Ju Lijun

Mr. Zhang Jinshu

Mr. Luk Chi Shing

Ms. Zhang He

Mr. Lee Yiu Tung

Non-executive Directors:

Dr. Pan Jin

Mr. Dai Yuanxin

Ms. Xiao Yongzhen

Independent non-executive Directors:

Mr. Chan Yee Sze

Ms. Hu Yun

Mr. Lui Wai Ming

Mr. Koh Kwing Chang

Mr. Lai Chi Leung

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the day of its publication and is available for reference on the website of the Company at www.equitynet.com.hk/8103/.