

# TAI SHING

## Tai Shing International (Holdings) Limited

泰盛國際(控股)有限公司\*

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

(Stock Code: 8103)

### FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2013

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

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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 three months ended 30 June 2013 amounted to approximately HK\$19.1 million representing an increase of approximately 20% over the corresponding period in 2012.
- Loss attributable to the shareholders for the three months ended 30 June 2013 amounted to approximately HK\$20,089,000 (2012 restated: loss of HK\$29.3 million).
- Loss per share for the three months ended 30 June 2013 was approximately 2.26 HK cents (2012 restated: loss per share 9.25 HK cents).
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2013.

The board of Directors (“Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June 2013, together with the unaudited comparative figures for the corresponding period in 2012, are as follows:–

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Three months ended</b>	
		<b>30 June</b>	
		<b>2013</b>	2012
		<b>HK\$'000</b>	<i>HK\$'000</i>
			(Restated)
Revenue	5	<b>19,142</b>	15,909
Cost of services		<b>(8,899)</b>	(8,522)
Gross profit		<b>10,243</b>	7,387
Other income		<b>1,876</b>	861
Selling and distribution expenses		<b>(5)</b>	(255)
Administrative expenses		<b>(9,240)</b>	(9,254)
Other expenses	6	<b>(20,156)</b>	(27,793)
Finance costs	7	<b>(276)</b>	(257)
Loss before taxation		<b>(17,558)</b>	(29,311)
Income tax expenses	8	<b>(1,077)</b>	–
Loss for the period	9	<b>(18,635)</b>	(29,311)
Other comprehensive expense for the period			
Exchange difference arising on translation of foreign operations		<b>(94)</b>	(87)
Total comprehensive expense for the period		<b>(18,729)</b>	(29,398)
Profit/(loss) for the period attributable to:			
Owners of the Company		<b>(20,089)</b>	(29,311)
Non-controlling interest		<b>1,454</b>	–
		<b>(18,635)</b>	(29,311)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		<b>(20,197)</b>	(29,383)
Non-controlling interest		<b>1,468</b>	(15)
		<b>(18,729)</b>	(29,398)
Loss per share			
– Basic (HK cents)	11	<b>(2.26)</b>	(9.25)
– Diluted (HK cents)	11	<b>N/A</b>	N/A

# 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 is Room 2201-2, 22/F., Chuang's Enterprises Building, 382 Lockhart Road, Hong Kong. The Company's shares are listed on GEM.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group's unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Group's unaudited consolidated results have been prepared under the historical cost convention, except that financial assets at fair value through profit or loss are carried at their fair values.

The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 June 2013 and 2012 are consistent with those following the preparation of the Group's annual financial statements for the year ended 31 March 2013. The consolidated results are unaudited but have been reviewed by the Company's audit committee.

## 3. ADOPTION OF NEW AND REVISED HKFRSS

During the three months ended 30 June 2013, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2013. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period or prior accounting periods.

## 4. COMPARATIVE FIGURES

During the three months ended 30 June 2012, the 20% equity interest in 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) (the "Relevant Interest") which was previously classified as an associate of the Company, had been reclassified as available-for-sale investment and subsequently transferred to an independent third party on 14 August 2012 without the consent of the Company. The Management was in the view that the transfer of the Relevant Interests without the consent of the Company constitutes a breach of the terms under the Declaration of Trust. Having taken all necessary steps to investigate the matter and sought all necessary legal advice concerning the Incident, without prejudice to all the legal rights the Company may have, the Company and the Trustee have entered into a deed of settlement on 9 September 2013.

In view of the matters that happened subsequent to 31 March 2012, including (i) the transfer on 14 August 2012, (ii) the execution of the settlement agreement, and (iii) the doubts over the recoverability of the remaining HK\$27 million under the settlement agreement, the Company is of the view that the Relevant Interests should be impaired in full in April 2012.

## 5. REVENUE

Revenue, which is also the turnover of the Group, represents the amounts arising from systems development and professional services rendered, software licensing, commission and franchise fee income, 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:

	<b>UNAUDITED</b>	
	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Systems development	<b>11,881</b>	9,359
Professional services fees	<b>1,467</b>	417
Software licensing	<b>–</b>	6,133
Commission income	<b>1,188</b>	–
Franchise fee income	<b>4,606</b>	–
	<b>19,142</b>	<b>15,909</b>

## 6. OTHER EXPENSES

	<b>UNAUDITED</b>	
	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Restated)</b>
Loss in change of fair value of financial assets at fair value through profit or loss	<b>156</b>	10
Impairment loss on investment in associates	<b>–</b>	27,783
Impairment loss on deposit paid for acquisition of subsidiary (i)	<b>20,000</b>	–
	<b>20,156</b>	<b>27,793</b>

(i) 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 of this announcement.

## 7. FINANCE COSTS

	UNAUDITED	
	Three months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on		
Bank loans wholly repayable within one year	244	229
Finance lease	32	28
	<u>276</u>	<u>257</u>

## 8. INCOME TAX EXPENSES

	UNAUDITED	
	Three months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC enterprise income tax	1,077	–

(i) Hong Kong profit tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong during the three months ended 30 June 2013 and 2012.

(ii) 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. LOSS FOR THE PERIOD

The loss for the period is stated after charging:

	UNAUDITED	
	Three months ended	
	30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	140	125
Depreciation	539	548
Operating leases	286	49
Staff costs	1,657	2,922

## 10. DIVIDEND

The Board did not recommend the payment of any dividend for the three months ended 30 June 2013 (2012: Nil).

## 11. LOSS PER SHARE

The calculation of basic loss per share for the three months ended 30 June 2013 are based on the loss attributable to the shareholders of approximately of HK\$20,089,000 (2012 restated: loss of HK\$29,311,000) divided by the weighted average number of 889,832,964 shares for the three months ended (2012: 316,938,000 shares) in issue during the period.

Diluted earnings per share for the three months ended 30 June 2013 are divided by the weighted average number of 13,746,709,429 shares for the three months ended in issue during the period. Diluted loss per shares is not presented because shares arising from the exercise of the Company's share options would decrease the loss for the three months ended 30 June 2013 which 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	Warrant reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling Interests HK\$'000	Total HK\$'000
At 1 April 2012 (audited)	356,466	3,056	1,200	12,269	5,103	-	(74,305)	303,789	2,683	306,472
Loss for the period (restated)	-	-	-	-	-	-	(29,311)	(29,311)	-	(29,311)
Exchange difference arising on translation of foreign operations	-	-	-	-	(72)	-	-	(72)	(15)	(87)
Total comprehensive expense for the period	-	-	-	-	(72)	-	(29,311)	(29,383)	(15)	(29,398)
Unlisted warrants issue expenses	(150)	-	-	-	-	1,148	-	998	-	998
Convertible notes issue expenses	(289)	-	-	-	-	-	-	(289)	-	(289)
At 30 June 2012 (unaudited)	<u>356,027</u>	<u>3,056</u>	<u>1,200</u>	<u>12,269</u>	<u>5,031</u>	<u>1,148</u>	<u>(103,616)</u>	<u>275,115</u>	<u>2,668</u>	<u>277,783</u>
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
Profit/(loss) for the period	-	-	-	-	-	-	(20,089)	(20,089)	1,454	(18,635)
Exchange difference arising on translation of foreign operations	-	-	-	-	(108)	-	-	(108)	14	(94)
Total comprehensive income/(expense) for the period	-	-	-	-	(108)	-	(20,089)	(20,197)	1,468	(18,729)
Non-controlling interest arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	7,645	7,645
Issue of shares upon										
- Placing of shares	5,130	-	-	-	-	-	-	5,130	-	5,130
- Zero coupon convertible bonds	17,857	-	-	-	-	-	-	17,857	-	17,857
Shares placement expenses	(389)	-	-	-	-	-	-	(389)	-	(389)
At 30 June 2013 (unaudited)	<u>408,075</u>	<u>3,056</u>	<u>1,200</u>	<u>1,810</u>	<u>6,776</u>	<u>1,147</u>	<u>(344,466)</u>	<u>77,598</u>	<u>11,806</u>	<u>89,404</u>

### 13. LITIGATION

- (a) On 12 March 2012, a High court Action No.1861 of 2011 was commenced by Joint China Value Investment Fund Limited (“Joint China”) against the Company regarding a dishonoured cheque amounted to HK\$16,500,000 issued by the Company. In October 2013, the Company obtained a court judgement under which the action taken by Joint China was dismissed.
- (b) On 19 April 2006, a High court Action No. 858 of 2006 was commenced by Chan Kar Kui, Wong Calvin Ting Chi, Chan Wai Phan, Chan Man Wan and Kwok King Chuen (the “Plaintiffs”) against the Company for specific performance of the agreement entered into between the Plaintiffs and the Company’s former director, To Cho Kei, on behalf of the Company, in 2000 to purchase from the Plaintiffs all their shareholdings in Epplication. Net Limited (“Epplication.Net”) at a consideration of HK\$6,800,000, being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs’ shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The action has been dormant since the end of 2008. The Directors believe that the Company has a strong defence in this action, accordingly, no provision for liabilities has been made in the consolidated financial statements.
- (c) On 4 April 2014, the Company was served with a petition issued by a third party, Metal Winner Limited (“MWL”), under which MWL claimed that the Company was indebted to MWL in the sum of HK\$5,700,000 and petitioned that the Company be wound up. On 8 April 2014, the Company was informed by MWL’s representative that MWL intended to withdraw the winding-up against the Company and has written to the official receiver with regard to the withdrawal. However, no action was taken by the petitioner to withdraw the petition and the Company has applied to court to strike out or dismiss the petition on 10 June 2014 and the strike-out application will be heard by the Court in March 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Revenue for the three months ended 30 June 2013 amounted to approximately HK\$19.1 million representing an increase of approximately 20% over the corresponding period in 2012. During the period, the revenue from commission and franchise fee was approximately HK\$5.8 million (2012: nil) due to the acquisition of a subsidiary engaging in the internet electronic air-ticket and payment system business in April 2013.

The Company completed the acquisition of the entire issued share capital of Tirack Holdings Corporation (“Tirack”) on 2 April 2013. The total consideration for the acquisition of HK\$110,000,000 was satisfied by (i) payment in cash of HK\$25,000,000 by the Company and (ii) issue by the Company of convertible notes with an aggregate principal amount of HK\$85,000,000. Up to the date of this announcement, part of these convertible notes with the principal amount of HK\$55,000,000 have been converted into 314,285,712 new shares of the Company of HK\$0.05 each. Subsequent to the date of acquisition of Tirack, the Company is unable to provide financial support, as originally planned, to enable Tirack and its subsidiaries (“Tirack Group”) to carry out their principal operations of sale of air tickets, hotel reservations and travel products online in the PRC. As a result, Tirack Group has suspended its principal operations and become inactive as at the date of this announcement.

### **FINANCIAL PERFORMANCE**

During the three months ended 30 June 2013, the Group recorded a revenue of HK\$19.1 million (2012: HK\$15.9 million) representing an increase of approximately 20% as compared to that of the corresponding period in 2012. Administrative expenses decrease to approximately HK\$9.2 million as compared to HK\$9.3 million of the previous corresponding period, representing a decrease of approximately 0.2%. Loss attributable to the shareholders was approximately HK\$20.1 million (2012 restated: loss HK\$29.3 million).

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

- (i) on 10 April 2013, the vendor of Tirack exercised its right to convert HK\$25 million out of HK\$85 million in the principal amount of the convertible bonds issued as a result of the acquisition of Tirack by the Company into 142,857,142 shares of the Company, further details of which are disclosed in the circular of the Company dated 28 February 2013;
- (ii) 57,000,000 shares of the Company were issued on 15 April 2013 at an issue price of HK\$0.14 per share pursuant to the specific mandate obtained from the shareholders of the Company at the extraordinary general meeting of the Company held on 28 February 2013, further details of which are disclosed in the announcements of the Company dated 28 December 2012 and 15 April 2013 and the circular of the Company dated 8 February 2013;

## **FUTURE PROSPECTS**

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring companies or projects that have promising outlooks and prospects. Furthermore, the Group notices that the United States, Europe and Japan, being three of the largest economies in the world, have all embarked on a clear growth path. The Group believes that this will significantly benefit the global economy, and in particular, the financial and financial services sector. Consequently, the Group intends to take the opportunity to enter into the financial and financial services sector. Firstly, the Group will expand into proprietary trading, including the trading of marketable equity, equity-related and/or debt securities in listed companies in Hong Kong and/or other major global securities markets for potential capital upside. In addition, the Group intends to diversify its business scope by entering into the money lending business to capture opportunities in the thriving personal and corporate loan market.

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES**

As at 30 June 2013, 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 30 June 2013, no long positions of directors and chief executive 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 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 30 June 2013, 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 30 June 2013, the following persons who had an interest or short positions in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:–

### Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note 4)
Mr. Zhao Tuanjie	Beneficial owner	428,571,428	47.00%
Questex Development Inc. (note 1)	Interest of controlled corporation	428,571,428	47.00%
Mr. Wong Kwong Chu (note 2)	Beneficial owner	61,500,000	6.74%
Ms. Yu Po Sau (note 3)	Interest of spouse	61,500,000	6.74%

#### Notes:

1. Questex Development Inc. is a company incorporated under the laws of the Republic of Vanuatu and is held as to 100% by Mr. Zhao Tuanjie.
2. As at 30 June 2013, Mr. Wong Kwong Chau held 1,500,000 shares and convertible note issued by the Company which entitles Mr. Wong to convert the principal amount of HK\$15,000,000 into 60,000,000 shares at HK\$0.25 each (subject to adjustment) pursuant to the subscription agreement entered into between Mr. Wong and the Company dated 19 April 2012.
3. Ms. Yu Po Sau is the spouse of Mr. Wong Kwong Chau.
4. As at 30 June 2013, the issued share capital of the Company is 911,795,287 shares.

### Long positions in underlying shares of the Company

As at 30 June 2013, no long 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.

## Short positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (note2)
Mr. Zhao Tuanjie	Beneficial owner	114,285,714	12.53%
Questex Development Inc. (note 1)	Interest of controlled corporation	114,285,714	12.53%

1. Questex Development Inc. is a company incorporated under the laws of the Republic of Vanuatu and is held as to 100% by Mr. Zhao Tuanjie.
2. As at 30 June 2013, the issued share capital of the Company is 911,795,287 shares.

## Short positions in underlying shares of the Company

As at 30 June 2013, 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 30 June 2013, 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 three months ended 30 June 2013 or at any time during such period.

## DIRECTORS' COMPETING INTERESTS

As of 30 June 2013, none of the Directors, substantial shareholders 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 on 18 May 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.30 of the GEM Listing Rules. The primary duties of audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board.

As at the date of this announcement, the audit committee comprises seven independent non-executive directors, namely, Mr. Chan Yee Sze (Chairman of the committee), Mr. Xu Jingbin, Ms. Hu Yun, Ms. Yuen Wai Man, Mr. Lui Wai Ming, Mr. Koh Kwing Chang and Mr. Lai Chi Leung.

The audit committee has reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2013.

## **BOARD PRACTICES AND PROCEDURES**

Up to the three months period ended 30 June 2013, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

## **CORPORATE GOVERNANCE CODE**

Save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code (“Code”) contained in the Appendix 15 to the Rules Governing the Listing of Securities on the GEM Listing Rules throughout the three months ended 30 June 2013.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the period under review, the role of chief executive officer was assumed by Mr. Liu Bo, who was an executive Director and the chairman of the Board.

As at the date of this announcement, the role of chairman and chief executive officer has been separated to Dr. Chew Chee Wah and Mr. Tam Kwok Leung respectively.

## **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 上海萬全保險經紀有限公司 (“Wanquan”) (unofficial English translation being Shanghai Wanquan Insurance Brokers Limited) (currently known as 上海君翊保險經紀有限公司 (unofficial English translation being 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.

In a recent Board meeting, it was resolved that the efforts in recovering the payment of the settlement fees be stepped up significantly. The Company will continue to take aggressive actions, and has commenced legal proceedings in the High Court of Hong Kong against the trustee to recover the outstanding amount. The overall strategy of the Company is to take all reasonable and economical measures to recover the settlement fees in full. The Company will keep shareholders informed promptly on the progress in recovering the settlement fees.

With the addition of new directors to the Board in recent months, the Board is now equipped with more resources as well as more comprehensive expertise to perform its function and duties. Aside from improving corporate governance significantly, one of the key current missions and goals of the board is to protect and safeguard shareholder value through aggressively demanding the payment of monies owed to the Company.

## **2. Fame Thrive – Tse Wing Yan (謝泳欣)**

On 30 December 2010, the Company and an independent third party, namely Ms. Tse Wing Yan (謝泳欣), entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability. Pursuant to the memorandum of understanding, Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into a co-operation arrangement with 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited) (“Dongda”), a company established in the PRC. Dongda provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance, liability, insurance and group life insurance) and reinsurance brokers service.

Subsequently on 6 May 2011, the Company entered into an addendum to the memorandum of understanding with the prospective seller to provide for the payment of HK\$20 million to the prospective seller as an interest-free refundable earnest money for the possible acquisition of the entire issued share capital of Fame Thrive Limited and as part payment of the consideration if the formal acquisition agreement is entered into between the Company and the prospective seller. The earnest money was paid by the Company to the prospective seller upon signing of the addendum.

Pursuant to the addenda entered into between the prospective seller and the Company on 30 June 2011, 30 December 2011, 29 February 2012, 31 May 2012, 31 July 2012, 28 September 2012, 30 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 the prospective seller shall not, whether by herself or through other third parties, discuss with any other third parties in relation to the possible acquisition has been extended to 30 April 2014.

Details of the above possible acquisition are disclosed in the announcements of the Company dated 30 December 2010, 6 May 2011, 30 June 2011, 30 December 2011, 6 March 2012, 31 May 2012, 31 July 2012, 28 September 2012, 30 November 2012, 30 January 2013, 27 March 2013, 30 May 2013, 31 July 2013, 30 September 2013, 29 November 2013 and 30 January 2014.

As mentioned above, the exclusivity period for the acquisition of Fame Thrive Limited expired on 30 April 2014.

Negotiations of the acquisition have terminated. Pursuant to the memorandum of understanding, within 3 days after expiry of the exclusivity period, the vendor shall refund the HK\$20 million earnest money to the Company. The prospective seller has failed to repay the same as at the date hereof. On 17 June 2014, the Company by immediate notice terminated the memorandum of understanding and demanded the immediate repayment of the earnest money of HK\$20 million. On 3 July 2014, the Company has again demanded the immediate payment and despite the Company's repeated demands, the prospective seller still fail to repay the earnest money.

Accordingly, the Company has instructed its legal adviser to take legal action against the prospective seller (i.e. Ms. Tse Wing Yan (謝泳欣)) and a bankruptcy petition was issued against the prospective seller in the High Court of Hong Kong on 18 November 2014. The overall strategy of the Company is to take all reasonable and economical steps to recover the earnest money. The Company will keep shareholders informed promptly on the progress in recovering the earnest money. In view of the fact that the Company has not received any repayment of the earnest money, nor any settlement agreement has been agreed, the earnest money receivable of HK\$20 million had been impaired in full in the period under review.

### **3. 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.

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.

As mentioned above, the exclusivity period for the acquisition of Gold Depot 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. The vendor has failed to repay the same as at the date of this announcement. On 28 November 2014, a settlement agreement between the Company and Gold Tycoon Limited was executed. Pursuant to the settlement agreement, Gold Tycoon 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 fourth installment of the Settlement Amount; (vi) HK\$4 million shall be paid to the Company on or before 31 July 2016, being the fourth 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.

In view of the fact that a settlement agreement was being executed 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.

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

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

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

Hong Kong, 28 November 2014

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

***Executive Directors:***

Dr. Chew Chee Wah (*Chairman*)  
Mr. Tam Kwok Leung (*Chief Executive Officer*)  
Ms. Ju Lijun  
Ms. Huang MiaoChan  
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  
Mr. Xu Jingbin  
Ms. Hu Yun  
Ms. Yuen Wai Man  
Mr. Lui Wai Ming  
Mr. Koh Kwing Chang  
Mr. Lai Chi Leung

*This announcement will remain on the GEM website at [www.hkgem.com](http://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.equitnet.com.hk/8103/](http://www.equitnet.com.hk/8103/).*