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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)

ANNOUNCEMENT INSIDE INFORMATION IN RELATION TO A DEED OF SETTLEMENT

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Previous Announcement in relation to the Acquisition.

On 30 August 2013, it has come to the notice of the Board that the Relevant Interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. The Board takes 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 the Deed of Settlement on 9 September 2013 whereby the Trustee shall pay a settlement fee in the sum of HK\$30,000,000 to the Company as liquidated damages for breach of the Declaration of Trust. The Trustee's obligation to pay the Settlement Fee is unsecured and interest free. The amount of the Settlement Fee was arrived at after arm's length negotiations between the Company and the Trustee and was determined with reference to the Company's investment cost for the purchase of the Relevant Interests under the Sale and Purchase Agreement. The Settlement Fee shall be payable by the Trustee in four equal instalments in cash on a quarterly basis.

The Board is of the view that the terms of the Deed of Settlement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

The Board confirms that as of the date of this announcement, the business, operations and financial position of the Group have not been affected by the Incident.

* For identification purpose only

BACKGROUND

This announcement is made by Tai Shing International (Holdings) Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement issued by the Company on 11 February 2011 (the “**Previous Announcement**”) in relation to the acquisition of 20% equity interests in 上海萬全保險經紀有限公司 (Shanghai Wanquan Insurance Brokers Limited*) (now known as 上海君翊保險經紀有限公司 (Shanghai Junyi Insurance Brokers Limited*)) (the “**Target Company**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those used in the Previous Announcement.

As stated in the Previous Announcement, the Company entered into the Sale and Purchase Agreement with the Vendor whereby the Company agreed to purchase 20% equity interests (the “**Relevant Interests**”) in the Target Company for a consideration of HK\$30,000,000 which was satisfied as to HK\$5,000,000 in cash and as to HK\$25,000,000 by the issue of the Consideration Shares to the Vendor. The Acquisition constituted a discloseable transaction for the Company. The Target Company engages in insurance agent business and the Acquisition was expected to provide an opportunity for the Group to expand its scope of IT consultancy services by participating in the insurance market in the PRC.

On 10 March 2011, the Sale and Purchase Agreement was completed whereupon the Relevant Interests continued to be registered in the name of the Vendor (the “**Trustee**”), an independent third party who is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules). Pursuant to a declaration of trust between the Company and the Trustee (the “**Declaration of Trust**”), the Trustee declared and confirmed that the Relevant Interests, together with the corresponding dividend rights, voting rights and distributions of profit attributable to the Relevant Interests, were held by the Trustee in trust for the Company and that the Trustee has undertaken with the Company that she will not dispose of or otherwise deal in the Relevant Interests without the consent and approval of the Company. In addition, the Trustee has agreed to exercise all voting rights and other shareholder’s rights attaching to the Relevant Interests in accordance with the direction of the Company. The reason for such trust arrangement was to keep the Company’s ownership in the Relevant Interests confidential for commercial reasons and also for administrative convenience.

On 30 August 2013, it has come to the notice of the Board that the Relevant Interests were transferred to an independent third party on 14 August 2012 without the consent and approval of the Company. The Board takes 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 (the “**Incident**”). 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 (the “**Deed of Settlement**”) on 9 September 2013, the principal terms of which are summarised below.

DEED OF SETTLEMENT

Summarised below are the principal terms of the Deed of Settlement:

Date

9 September 2013

Parties

- (i) the Company
- (ii) the Trustee

Principal terms

The Trustee shall pay a settlement fee in the sum of HK\$30,000,000 (the “**Settlement Fee**”) to the Company as liquidated damages for breach of the Declaration of Trust. The Trustee’s obligation to pay the Settlement Fee is unsecured and the Settlement Fee shall not bear any interest. The amount of the Settlement Fee was arrived at after arm’s length negotiations between the Company and the Trustee and was determined with reference to the Company’s investment cost for the purchase of the Relevant Interests under the Sale and Purchase Agreement.

The Settlement Fee shall be payable by the Trustee in four equal instalments in cash on a quarterly basis in accordance with the following payment schedule:

- (a) HK\$7,500,000 shall be paid to the Company on or before 9 December 2013, being the first instalment of the Settlement Fee.
- (b) HK\$7,500,000 shall be paid to the Company on or before 9 March 2014, being the second instalment of the Settlement Fee.
- (c) HK\$7,500,000 shall be paid to the Company on or before 9 June 2014, being the third instalment of the Settlement Fee.
- (d) HK\$7,500,000 shall be paid to the Company on or before 9 September 2014, being the final instalment of the Settlement Fee.

Subject to the due performance of the above payment obligations by the Trustee, the Company shall as soon as practicable discharge and release its obligations and liabilities of the Trustee, provided always that if any payment made to the Company pursuant to the Deed of Settlement is avoided or set aside or ordered to be surrendered, paid away, refunded or reduced by virtue of any provision, law or enactment relating to bankruptcy, insolvency, liquidation, winding-up, composition or arrangement for the time being in force or for any other reason, the Company shall be entitled hereafter to enforce its rights under the Declaration of Trust as if no such discharge, release or settlement had occurred. In addition, the

Company and the Trustee shall bear their own costs and expenses incurred and to be incurred by the Company in connection with the preparation, negotiation, execution and performance of the Deed of Settlement and all documents incidental or relating to such settlement.

REASONS FOR ENTERING INTO THE DEED OF SETTLEMENT

The Directors have considered different modes or methods of claims, actions and legal proceedings against the Trustee and have noted that considerable time and financial resources would be needed in the commencement of legal actions and the enforcement process while the outcome of the legal actions and the enforcement may be uncertain. The Directors consider that the settlement under the Deed of Settlement can save time and financial resources of the Company and provide certainty in terms of outcome. Accordingly, the Board is of the view that the terms of the Deed of Settlement are fair and reasonable and are in the best interest of the Company and the Shareholders as a whole.

The Board confirms that as of the date of this announcement, the business, operations and financial position of the Group have not been affected by the Incident.

By Order of the Board
Tai Shing International (Holdings) Limited
Liu Bo
Chairman

Hong Kong, 9 September 2013

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

Executive Directors:

Mr. Liu Bo (*Chairman*)

Mr. Han Fangfa

Ms. Ju Lijun

Ms. Huang MiaoChan

Mr. Zhang Jinshu

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

Mr. Tan Heming

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company at <http://www.equitynet.com.hk/8103/>.