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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)

PROPOSED ISSUE OF CONVERTIBLE NOTE

On 19 April 2012, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue, the Convertible Note in the principal amount of HK\$15,000,000.

Pursuant to the Convertible Note, a Noteholder will be entitled to convert the whole or any part of the Convertible Note into Conversion Shares at the Conversion Price, being HK\$0.25 (subject to adjustment) during the Conversion Period. Assuming the conversion rights attaching to the Convertible Note are exercised in full at the initial Conversion Price, a maximum of 60,000,000 Conversion Shares will be allotted and issued, representing approximately 18.93% of the entire issued share capital of the Company as at the date of this announcement and approximately 15.92% of the entire issued share capital as enlarged by the issue of the Conversion Shares.

The Conversion Shares, upon issue, shall rank pari passu in all respects with the Shares then in issue.

The Board is pleased to announce that on 19 April 2012, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to issue, the Convertible Note in the principal amount of HK\$15,000,000.

SUBSCRIPTION OF THE CONVERTIBLE NOTE

Date:

19 April 2012

Parties:

The Company and the Subscriber

As at the date of this announcement, the Subscriber is interested in 1,500,000 Shares. The Subscriber is an Independent Third Party and not connected with the Company and its connected persons or any of their respective associates.

** For identification purpose only*

Key terms relating to the Convertible Note

Issuer	:	The Company
Subscriber	:	Wong Kwong Chau
Total principal amount	:	HK\$15,000,000
Issue price	:	HK\$15,000,000
Interest	:	The Convertible Note bears no interest.
Maturity Date	:	The date falling on the last day of the 15th months' period from the date of issue of the Convertible Note or, if that is not a business day, the first business day thereafter.
Conversion rights	:	A Noteholder will have the right to convert the principal amount of the Convertible Note into Conversion Shares at the Conversion Price at any time during the Conversion Period (but before the issue of the notice of redemption by the Company as mentioned in the heading "Redemption" below).
Conversion Shares	:	Assuming the conversion rights attaching to the Convertible Note are exercised in full at the initial Conversion Price of HK\$0.25 per Conversion Share, 60,000,000 Shares (of an aggregate nominal value of HK\$3,000,000) will be allotted and issued, representing approximately 18.93% of the entire issued share capital of the Company as at the date of this announcement and approximately 15.92% of the entire issued share capital as enlarged by the Conversion Shares.
Conversion Price	:	The initial Conversion Price is HK\$0.25 per Conversion Share. The Conversion Price is subject to adjustments for consolidation, sub-division and reclassification of Shares.

The initial Conversion Price of HK\$0.25 represents:

- (i) a premium of approximately 2.5% over the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 1.3% over the average closing price of HK\$0.2468 per Share as quoted on the Stock Exchange for the last five trading days ended on and including 19 April 2012; and
- (iii) a discount of approximately 2.9% to the average closing price of HK\$0.2574 per Share for the last ten trading days ended on and including 19 April 2012.

Redemption	:	<ul style="list-style-type: none"> (i) Unless previously converted, the Company shall repay the outstanding Convertible Note in full on the Maturity Date. (ii) At any time prior to the Maturity Date, the Company shall have the right to redeem, by not less than seven days' prior written notice, the then outstanding amount of the Convertible Note in full without the consent of the Noteholder.
Lock-up period for Conversion Shares and Convertible Note	:	Not applicable.
Transferability	:	The Convertible Note may be transferred by a Noteholder in any integral multiple of HK\$1,000,000 before the Maturity Date.
Voting	:	A Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of its being a Noteholder.
Listing	:	No application will be made for the listing of the Convertible Note. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Note.
Ranking of Conversion Shares	:	The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the conversion date of the Convertible Note.
Events of Default	:	<p>Any Noteholder may give notice to the Company that the Convertible Note is immediately due and repayable if:</p> <ul style="list-style-type: none"> (i) other than as a result of, or in circumstances where, an offer made to holders of Shares to acquire all or any proportion of the Shares becoming unconditional, the listing of the Shares (as a class) on the Stock Exchange: <ul style="list-style-type: none"> (a) ceases; or (b) is suspended for a continuous period of fourteen (14) days on each of which the Stock Exchange is generally open for trading due to the default of the Company or any of its directors, officers, employees or agents; or (ii) the Company defaults in performance or observance or compliance with any of its material obligations contained in the conditions of the Convertible Note (“Conditions”) (other than the covenant to pay the principal and interest in respect of the Convertible Note and the issuance of Conversion Shares pursuant to the Conditions) and such default continues for a period of fourteen (14) business days next following after service by the Noteholder holding, or Noteholders together holding, at least 75% of the then outstanding principal amount of the Convertible Note, of notice requiring such default to be remedied; or

- (iii) the Company fails to pay the principal when due or the Company fails to pay interest on the Convertible Note when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within five (5) business days of the due date thereof or the Company fails to issue the Conversion Shares in accordance with the Convertible Note; or
- (iv) the occurrence of any event or any action taken or omission made by the Company so as to render unlawful the performance or observance or compliance by the Company with of any of its material obligations contained in the Conditions, or would otherwise result in any material terms contained in the Conditions be or becoming unenforceable, or would otherwise render the Convertible Note inadmissible as evidence in court; or
- (v) (a) any present or future indebtedness of the Company or any of its major subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default, or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Company or any of its major subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in the Conditions have occurred equals or exceeds HK\$2,000,000 or its equivalent in any other currency or currencies;
- (vi) an encumbrancer takes possession (whether by way of distress, attachment, execution, seizure before or after judgment or by other legal process) or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries and is not discharged, paid out, withdrawn or remedied within fifteen (15) business days; or
- (vii) the Company or any of its major subsidiaries becomes insolvent or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its major subsidiaries or the whole or any material part of the undertaking, property, assets or revenues of the Company or any of its major subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or

- (viii) an order is made or an effective resolution passed for winding-up of the Company or any of its major subsidiaries, except in the case of winding up of such subsidiaries in the course of reorganisation that has been approved by the Noteholder or Noteholders together holding not less than 75% of the then outstanding principal amount of the Convertible Notes; or
- (ix) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its major subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets of the Company or any of its major subsidiaries.

Mandate to issue the Conversion Shares:

The Convertible Note will be created and the Conversion Shares will be issued pursuant to the General Mandate granted to the Directors at the extraordinary general meeting of the Company held on 21 December 2011. The Directors were authorised to allot and issue up to 63,387,629 Shares pursuant to the General Mandate. Up to the date of this Announcement, the Directors have not utilised any part of the General Mandate to issue any Shares. Accordingly, the creation of the Convertible Note and the issue of the Conversion Shares are not subject to any approval by the shareholders of the Company.

Conditions precedent to the completion of the issue of the Convertible Note:

Completion of the issue of the Convertible Note is subject to:

- (i) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Conversion Shares; and
- (ii) the Company having satisfied or obtained all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of the Convertible Note (if any).

Pursuant to the Subscription Agreement, the Company and the Subscriber shall use their respective reasonable endeavours to procure the fulfillment of all the above conditions precedent. If any of the conditions precedent have not been fulfilled on or before the day which falls on the expiry of 90 calendar days immediately following the date of the Subscription Agreement (or such later date as may be agreed by the parties in writing), then the Subscription Agreement shall lapse immediately thereafter and be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to other party under the Subscription Agreement.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Completion of the issue of the Convertible Note:

Completion of the issue of the Convertible Note is scheduled to take place on the third business day following the date on which all the conditions precedent as described above have been fulfilled (or such other date as the Subscriber and the Company may agree in writing). Upon such completion, the Company shall issue to the Subscriber the Convertible Note and the Subscriber shall make payment for the principal amount of the Convertible Note being subscribed.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE CONVERSION OF THE CONVERTIBLE NOTE

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure of the Company immediately following the conversion of the Convertible Note (assuming that (a) the Subscriber will not transfer or assign the Convertible Note to any other party; and (b) there will not be any change in the issued share capital of the Company from the date of this announcement to the day of exercise of the conversion rights attaching to the Convertible Note in full save for the allotment and issue of the Conversion Shares):

	Existing shareholding		Shareholding immediately after the issue of the Conversion Shares	
	Number of Shares	Approximate percentage of shareholding (Note 2)	Number of Shares	Approximate percentage of shareholding
Mr. Chan Yun Sang (Note 1)	200,000	0.06%	200,000	0.05%
Mr. Chiu Wai Shing	35,544,000	11.21%	35,544,000	9.43%
The Subscriber	1,500,000	0.47%	61,500,000	16.32%
Other public	279,694,145	88.25%	279,694,145	74.20%
Total	<u>316,938,145</u>	<u>100.00%</u>	<u>376,938,145</u>	<u>100.00%</u>

Notes:

1. Mr. Chan Yun Sang is an executive Director.
2. The aggregate percentage may not add up to 100% due to rounding.

REASONS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The aggregate gross proceeds and net proceeds to the Company from the Subscription will be HK\$15 million and approximately HK\$14.7 million respectively. Based on such net proceeds and the initial Conversion Price of HK\$0.25 per Conversion Share, the net issue price of each Conversion Share is approximately HK\$0.245. The Directors consider various ways of raising funds and consider that the Subscription, represent an opportunity to enlarge the equity base of the Company and provides general working capital for the Company's business expansion.

It is intended that the net proceeds from the issue of the Convertible Note will be used as general working capital of the Group.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

On 28 April 2011, the Company announced that it had entered into a placing agreement with Kingsway Financial Services Group Limited dated 27 April 2011. Pursuant to such placing agreement, the Company has allotted and issued a total of 393,500,000 shares of HK\$0.005 each of the Company on 18 May 2011. The net proceeds received by the Company from such placing amounted to approximately HK\$61.2 million and were intended to be used to finance future investments and/or for future business development and/or as general working capital. Approximately HK\$25 million of such net proceeds have been utilized for payment of deposit for the acquisition of 51% equity interest in 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited), the details of which are disclosed in the announcements of the Company dated 23 May 2011, 24 June 2011 and 15 July 2011. The remaining net proceeds have been utilized as general working capital.

On 23 November 2011, the Company announced that it had entered into a placing agreement with Metro Capital Securities Limited dated 23 November 2011. Pursuant to such placing agreement, the Company has allotted and issued a total of 12,820,000 Shares on 1 December 2011. The net proceeds received by the Company from such placing amounted to approximately HK\$2.39 million and were intended to be used to finance future investments and/or for future business development and/or as general working capital. As at the date of this announcement, all the net proceeds have been utilized as general working capital.

On 18 January 2012, the Company announced that it had entered into a placing agreement with Grand Vinco Capital Limited for the private placing of unlisted warrants of the Company at an issue price of HK\$0.02, each entitles the holder thereof to subscribe in cash for one Share at an initial subscription price of HK\$0.19, subject to adjustment, at any time for a period of three years commencing from the date of allotment and issue of the warrants. Pursuant to such placing agreement, the Company has issued 57,380,000 warrants conferring the right to the holders of such warrants to subscribe for up to HK\$10,902,200 in aggregate for Shares (i.e. up to 57,380,000 Shares). The net proceeds received by the Company from such placing amounted to approximately HK\$0.75 million and were intended to be used as general working capital. As at the date of this announcement, all the net proceeds have been utilized as general working capital.

Save for the above fund raising exercises, the Company has not conducted any equity fund raising exercise in the past 12-month period immediately before the date of this announcement.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	Tai Shing International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Convertible Note”	the convertible note in the principal amount of HK\$15,000,000 to be issued under the Subscription
“Conversion Period”	the period commencing on the issue date of the Convertible Note and expiring on the Maturity Date

“Conversion Price”	HK\$0.25 per Conversion Share, subject to adjustments, pursuant to the terms and conditions of the Convertible Note
“Conversion Shares”	Shares to be issued upon conversion of the Convertible Note
“connected person”	has the meaning set out in the GEM Listing Rules
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the extraordinary general meeting of the Company held on 21 December 2011 to allot or otherwise deal with the unissued Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons
“Maturity Date”	the date falling on the last day of the 15th months’ period from the date of issue of the Convertible Note, or, if that is not a business day, the first business day thereafter
“Noteholder(s)”	the holder(s) of the Convertible Note from time to time
“Share(s)”	the ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Wong Kwong Chau
“Subscription”	the subscription for the Convertible Note pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 19 April 2012 entered into between the Company and the Subscriber in relation to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Tai Shing International (Holdings) Limited
Chan Yun Sang
Chairman and executive Director

Hong Kong, 19 April 2012

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

Executive Directors:

Mr. Chan Yun Sang (*Chairman*)

Mr. Han Fangfa

Ms. Ju Lijun

Mr. Liu Bo

Ms. Huang Miaochan

Mr. Ip Ho Ming

Ms. Wong Sau Wai Serena

Non-executive Director:

Dr. Pan Jin

Independent non-executive Directors:

Mr. Tang Sze Lok

Mr. Xu Jingbin

Ms. Hu Yun

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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.