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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE PAYMENT OF EARNEST MONEY UNDER
THE MEMORANDUM OF UNDERSTANDING IN RESPECT OF
THE POSSIBLE ACQUISITION OF QINGDAO BODA
AND
ADVANCE TO AN ENTITY**

The Board wishes to announce that on 23 May 2011, the Company and the Prospective Seller entered into the MOU in respect of the Possible Acquisition. Pursuant to the MOU, the final consideration for the Possible Acquisition has not yet been determined and may be satisfied by the Prospective Purchaser (i) in cash; (ii) by issuing of new Shares; (iii) by issuing convertible note by the Company and/or (iv) a combination of any of the above (i), (ii) and/or (iii). Pursuant to the MOU, the Company has agreed to pay within seven calendar days from the date of the MOU to the Prospective Seller the Earnest Money.

Save for the provisions relating to the payment and return of Earnest Money, exemption of liability, expenses, confidentiality, exclusivity and governing law and jurisdiction, the terms of the MOU are not legally binding on the parties.

The payment of the Earnest Money constitutes a discloseable transaction and an advance to an entity for the Company and is subject to notification and announcement requirements under the GEM Listing Rules.

The Board wishes to emphasize that the Possible Acquisition may or may not materialize and Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

** For identification purpose only*

The Board wishes to announce that on 23 May 2011, the Company entered into the MOU with the Prospective Seller in respect of the Possible Acquisition.

The principal terms of the MOU are as follows:

THE MOU

Date

23 May 2011

Parties

- Prospective Purchaser : the Company signed the MOU as the purchaser but is entitled to nominate its nominee to take up the Sale Interest
- Prospective Seller : Fei Luxi (費露熙). To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Prospective Seller is a third party independent of the Company and connected persons of the Company.

Assets to be acquired

The Prospective Seller agreed to sell, and the Company agreed to purchase, the Sale Interest. The Sale Interest represents 51% of the entire equity interest of the Qingdao Boda. The Company may nominate its nominee its nominee to take up the Sale Interest.

Non-legally binding nature of the MOU

Save for the provisions relating to the payment and return of the Earnest Money, exemption of liability, expenses, confidentiality, exclusivity and governing law and jurisdiction, the terms of the MOU are not legally binding on the parties.

Exclusivity and due diligence review

Pursuant to the MOU, the Prospective Seller has granted to the Prospective Purchaser an exclusive right to negotiate for the Possible Acquisition with it for a period of 90 days from the date of the MOU. During such 90 day period, the Prospective Purchaser will also conduct due diligence review on the legal, financial and other aspects of the subject matters of the Possible Acquisition (“**Due Diligence Review**”).

Conditions precedent

Completion of the Possible Acquisition is conditional upon, among other conditions to be stated in the Formal Acquisition Agreement:

- (i) compliance with all applicable legal and regulatory requirements by the parties in respect of the Possible Acquisition;
- (ii) obtaining the consent of all shareholders of Qingdao Boda in respect of the transfer of the Sale Interest by the Prospective Seller to the Prospective Purchaser under the Possible Acquisition and such shareholders agree to waive their respective pre-emptive rights under the articles of association of Qingdao Boda; and
- (iii) the Prospective Purchaser being satisfied with the results of the Due Diligence Review.

Consideration and application of the Earnest Money

The final consideration for the Possible Acquisition has not yet been determined and may be satisfied by the Prospective Purchaser (i) in cash; (ii) by issuing of new Shares; (iii) by issuing convertible note by the Company and/or (iv) a combination of any of the above (i), (ii) and/or (iii). Pursuant to the MOU, the Company has agreed to pay within seven calendar days from the date of the MOU to the Prospective Seller the Earnest Money as an interest-free refundable earnest money for the Possible Acquisition, and as part payment of the consideration if the Formal Acquisition Agreement is entered into between the Prospective Purchaser and the Prospective Seller.

In the event that the Formal Acquisition Agreement is entered into by the Prospective Purchaser and the Prospective Seller prior to the date on which the Exclusivity Period expires, the Earnest Money shall be applied towards to reduce the Prospective Purchaser's obligation to pay an equivalent amount of the cash portion of the consideration payable by the Prospective Purchaser under the Formal Acquisition Agreement.

In the event that the Formal Acquisition Agreement is not entered into by the parties prior to the expiration of the Exclusivity Period, the Prospective Seller shall, within three calendar days after the last day of the Exclusivity Period, pay to the Prospective Purchaser (or its nominee) a sum which is equal to the Earnest Money. In the event that the final consideration agreed between the parties and as stipulated in the Formal Acquisition Agreement does not comprise any cash portion, the Prospective Seller shall, within three calendar days after the entering into of the Formal Acquisition Agreement, pay to the Prospective Purchaser (or its nominee) a sum which is equal to the Earnest Money and in the event that the cash portion comprised in the final consideration agreed between the parties and as stipulated in the Formal Acquisition Agreement is less than the Earnest Money, the Prospective Seller shall, within three calendar days after the entering into of the Formal Acquisition Agreement, pay to the Prospective Purchaser (or its nominee) a sum which is equal to the difference between the Earnest Money and the amount of the cash portion comprised in the final consideration.

The payment of the Earnest Money does not bear any interest.

INFORMATION ON QINGDAO BODA

Qingdao Boda is a limited liability company established in the PRC on 14 July 2005. Based on the information provided by the Prospective Seller, the Company is given to understand that the principal business of Qingdao Boda was, among others, the provision of insurance brokerage service in Qingdao and its surrounding area.

According to the Prospective Seller, Qingdao Boda has maintained co-operative relationship with a number of PRC local and foreign-invested insurance companies and leveraged on such business network, Qingdao Boda is expected to provide its services in an efficient manner.

DIRECTORS' VIEWS AND REASONS FOR THE ENTERING INTO OF THE MOU

The terms of the MOU were arrived at after arm's length negotiations between the Prospective Purchaser and the Prospective Seller. The payment of the Earnest Money has been funded from internal resources of the Group. The Directors consider that the payment of the Earnest Money pursuant to the MOU is on normal commercial terms and the terms of the MOU are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The signing of the MOU and the payment of the Earnest Money by the Group represents the Group's gesture to show its interests to proceed with the Possible Acquisition. **The Directors wish to emphasize that up to the date of this announcement, no detailed terms of the Possible Acquisition, including the amount of the consideration and how it shall be satisfied, have been agreed upon by the Company and the Prospective Seller.**

The principal activities of the Group are the provision of systems development including maintenance and installation as well as consulting service, provision of professional services including information technology engineering and technical support services and licensing of information management systems targeted at insurance intermediaries.

In view of the increasing recognition of the importance of risk management and the rising demand for insurance in the PRC, the Directors consider that the Possible Acquisition provides an opportunity for the Group to participate in the insurance market in the PRC and will further enhance the investment portfolio and future earnings of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

The payment of the Earnest Money constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under the GEM Listing Rules. Given that the amount of the Earnest Money exceeds 8% of the assets ratio of the Company as defined under Rule 19.07(1) of the GEM Listing Rules, the payment of the Earnest Money also constitutes an advance to an entity and the Company is required to make the relevant disclosures under Rule 17.17 of the GEM Listing Rules.

The Board wishes to emphasize that notwithstanding the payment of the Earnest Money, the Possible Acquisition may or may not materialize and Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Tai Shing International (Holdings) Limited, the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Earnest Money”	HK\$25,000,000 (or foreign currencies in the equivalent amount to be agreed by the parties), being the earnest money to be paid by the Prospective Purchaser to the Prospective Seller under the MOU
“Exclusivity Period”	a period of 90 days commencing from the date of the MOU
“Formal Acquisition Agreement”	the formal sale and purchase agreement to be entered into between the Prospective Purchaser and the Prospective Seller in relation to the Possible Acquisition
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 23 May 2011 entered into between the Prospective Seller and the Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of the Sale Interest as contemplated in the MOU
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospective Purchaser”	the Company or its nominee
“Prospective Seller”	Fei Luxi (費露熙)
“Qingdao Boda”	青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited), a limited liability company established in the PRC
“Sale Interest”	51% of the registered capital of Qingdao Boda
“Share(s)”	shares of the Company of HK\$0.005 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Tai Shing International (Holdings) Limited
Wong Chung Wai, Eric
Chairman and executive Director

Hong Kong, 23 May 2011

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

Executive Directors:

Mr. Wong Chung Wai, Eric (*Chairman*)

Mr. Chan Yun Sang

Mr. Choi King Lit

Mr. Han Fangfa

Non-executive Director:

Dr. Pan Jun

Independent non-executive Directors:

Mr. Yan Yonghong

Mr. Tang Sze Lok

Mr. Lee Kwok Yung

Mr. Chan Wai Kwong, Peter

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.