

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 ANNOUNCEMENT

FOR THE PERIOD ENDED 30 JUNE 2010

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

GEM has been positioned as a market designed to accommodate companies to which a high 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 the GEM of the Stock Exchange (“GEM Listing Rules”) for the purpose of given 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

- Turnover for the three months ended 30 June 2010 amounted to approximately HK\$6 million representing an increase of approximately 4% over the corresponding period in 2009.
- Loss attributable to the shareholders for the three months ended 30 June 2010 amounted to approximately HK\$11.1 million. (2009: profit HK\$0.3 million)
- Loss per share for the three months ended 30 June 2010 was approximately 0.85 HK cents. (2009: earnings per share 0.03 HK cents)
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2010.

The board of directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 30 June 2010, together with the unaudited comparative figures for the corresponding periods in 2009, are as follows:—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

for the three months ended 30 June 2010 and 2009

	<i>Notes</i>	Three months ended	
		30 June	
		2010	2009
		HK\$'000	HK\$'000
Turnover	4	6,039	5,823
Cost of services and merchandise sold		(4,978)	(2,127)
Gross profit		1,061	3,696
Other revenue		1,561	286
Selling expenses		(1,252)	(1,037)
General and administrative expenses	5	(12,148)	(2,465)
Other operating expenses	6	(144)	—
Profit/(Loss) from operation	7	(10,922)	480
Finance costs	8	(214)	(168)
Profit/(Loss) before taxation		(11,136)	312
Income Tax	9	(57)	—
Profit/(Loss) for the period		<u>(11,193)</u>	<u>312</u>
Exchange difference arising on translation and total other comprehensive income for the year		(1,266)	(70)
Total comprehensive income for the year		<u>(12,459)</u>	<u>242</u>
Attributable to:			
Equity holders of the Company		<u>(12,459)</u>	<u>242</u>
Earnings/(loss) per share-basic (HK cents)	11	<u>(0.85)</u>	<u>0.03</u>

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 Rm 1504, The Center, 99 Queen's Road, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 2010 and 2009 are consistent with those following the preparation of the Group's annual financial statements for the year ended 31 March 2010. 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 2010, 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 2010. 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. Turnover

Turnover represents income arising from the provision of systems development and integration, the sales of software and hardware products and provision of professional services.

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

	UNAUDITED	
	Three months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Systems development	5,984	5,149
Professional services fees	55	674
	<u>6,039</u>	<u>5,823</u>

5. General and Administrative Expenses

Expenses included in general and administrative expense are analyzed as follows:

	UNAUDITED	
	Three months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Legal and professional fee related to acquisition	<u>6,650</u>	<u>—</u>

6. Other Operating Expenses

	UNAUDITED	
	Three months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Fair value losses on financial assets at fair value through profit or loss	<u>144</u>	<u>—</u>

7. Profit/(loss) from Operation

Profit/(loss) from operation is stated after charging/(crediting):

	UNAUDITED	
	Three months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Auditors' remuneration	160	125
Depreciation	437	324
Operating leases	562	447
Staff costs	3,624	3,374
Net exchange loss	<u>1,921</u>	<u>—</u>

8. Finance costs

	UNAUDITED	
	Three months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Interests on		
Bank loans wholly repayable within one year	172	168
Finance lease	<u>42</u>	<u>—</u>
	<u>214</u>	<u>168</u>

9. Income tax

	Unaudited	
	Three months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
PRC enterprise income tax	<u>57</u>	<u>—</u>

- (i) On 26 June 2008, the Hong Kong Legislation Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

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 2010 and 2010.

- (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%.

In accordance with the relevant regulations, approvals from relevant local tax bureaus and Foreign Enterprise Income Tax Law in the PRC, one subsidiary qualified as an advanced technology enterprise and is subject to a preferential Enterprise Income Tax rate of 15% (2009: 15%) which was effective from 1 January 2008 to 31 December 2010.

10. Dividend

The Board does not recommend the payment of any dividend for the three months ended 30 June 2010 (2009: Nil).

11. Earnings/(loss) per share

The calculation of basic earnings per share for the three months ended 30 June 2010 were based on the loss attributable to the shareholders of approximately of HK\$11,193,000 (2009: loss of HK\$312,000) divided by the weighted average number of 1,330,467,000 shares for the three months ended (2008: 1,091,900,000 shares) in issue during the period.

There were no potential dilutive ordinary shares in issue during the three months ended 30 June 2010 and 2009.

12. Reserves

There were no dilutive potential shares in issue during the three months and nine months ended 30 June 2010 and 2009, accordingly, no diluted earnings per share has been presented.

	Unaudited					
	Share Premium <i>HK\$'000</i>	General Reserve <i>HK\$'000</i>	Capital Reserve <i>HK\$'000</i>	Foreign currency translation Reserve <i>HK\$'000</i>	Accumulated Profits/ (Losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2009	22,905	2,079	1,200	4,217	(7,878)	22,523
Total comprehensive income for the period, net of tax	—	—	—	(70)	312	242
At 30 June 2009	<u>22,905</u>	<u>2,079</u>	<u>1,200</u>	<u>4,147</u>	<u>(7,566)</u>	<u>22,765</u>
At 1 April 2010	45,970	2,439	1,200	4,131	(4,594)	49,146
Total comprehensive income for the period, net of tax	—	—	—	(1,266)	(11,193)	(12,459)
Issue of shares upon						
— placement of shares	42,400	—	—	—	—	42,400
— transaction cost attributable to placement of shares	(1,917)	—	—	—	—	(1,917)
At 30 June 2010	<u>86,453</u>	<u>2,439</u>	<u>1,200</u>	<u>2,865</u>	<u>(15,787)</u>	<u>77,170</u>

13. Litigation

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 around May/June 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 Plaintiffs have been dormant since end of 2008. The Directors believe that the Company has a strong defence in this action and therefore, no provision for liabilities was made.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover for the three months ended 30 June 2010 amounted to approximately HK\$6 million representing an increase of approximately 4% over the corresponding period in 2010.

FINANCIAL PERFORMANCE

During the three months ended 30 June 2010, the Group recorded a turnover of HK\$6 million (2009: HK\$5.8 million) representing an increase of approximately 4% as compared to that of the corresponding period in 2009. General and administrative expenses increase to approximately HK\$12 million as compare to HK\$2.5 million of the previous corresponding period, representing an increase of approximately 393%. Loss attributable to the shareholders was approximately HK\$11 million (2009: profit HK\$0.3 million).

FUTURE PROSPECTS

On 1 July 2010, the Group acquired an indirect 10% interest in IP Tone Technology Co. Ltd, a company incorporated in Taiwan, which provides internet communication services in Taiwan.

On 14 June 2010, the Group announced its intended acquisition of the entire issued share capital in Fullmark Management Limited whose principal assets are the InsureLink System and its indirect holding of approximately 24.99% equity interest in Dongda Insurance Agency (DIA), a company established in the PRC, which provides property and life insurance agency services. Such acquisition was conditional upon, amongst other conditions, the obtaining of the approval of the shareholders at an extraordinary general meeting of the Company to be convened. As at the date hereof, completion of such acquisition has not yet take place.

Subject to the acquisition of Fullmark Management Limited taking place, the Directors expect that these acquisitions will expand the business scope of the Group.

SHARE SUBDIVISION

On 16 April 2010, each share of HK\$0.05 of the Company was subdivided into 10 shares of HK\$0.005 each after obtaining the approval from the shareholders of the Company on 15 April 2010. Prior to such subdivision, the entire issued share capital of the Company comprised of 130,570,000 shares of HK\$0.05 each. Upon the subdivision becoming effective, the entire issued share capital of the Company became comprising 1,305,700,000 shares of HK\$0.005 each.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2010, the relevant interests or short positions of the Directors and chief executive of the Company 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 Rule 5.46 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of director	Nature of shares interested	Number of shares interested	Approximate percentage of issued share capital
Mr. Luk Yat Hung (<i>Note</i>)	Interest in Controlled Corporate	215,424,760 (L)	14.7%

Note: The letter “L” denotes long position. Mr. Luk Yat Hung was deemed to be interested in 215,424,760 shares in the Company as a result of him being beneficially interested in 100% of the issued share capital of Wide Source Group Ltd. which in turn was interested in 215,424,760 shares in the Company as at 30 June 2010. Mr. Luk Yat Hung retired from the Board on 4 August 2010.

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

As at 30 June 2010, 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 2010, 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 2010, 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 shareholders	Capacity	Number of shares held	Approximate percentage of shareholding
Galaxy Asset Management (H.K.) Ltd	Investment manager	246,300,000(L) <i>(note 2)</i>	16.80%
Luk Yat Hung	Interest in controlled corporation	215,424,760(L) <i>(note 3)</i>	14.70%
Wide Source Group Ltd	Beneficial owner	215,424,760(L) <i>(note 3)</i>	14.70%
Resuccess Investments Limited	Beneficial owner	158,900,000(L) <i>(note 4)</i>	10.84%
Tsinghua Holdings Company Ltd	Interest in controlled corporation	158,900,000(L) <i>(note 4)</i>	10.84%
Tsinghua Tongfang Co. Limited	Interest in controlled corporation	158,900,000(L) <i>(note 4)</i>	10.84%
Deutsche Bank Aktiengesellschaft	Security interest	74,800,000(L) <i>(note 5)</i>	5.10%

Notes:

1. The letter “L” denotes long position.
2. Galaxy Asset Management (H.K.) Limited is the investment manager of two funds, namely, Galaxy China Deep Vaule Fund (“Galaxy Fund I”) (which as at 30 June 2010 was interested in 110,000,000 shares of the Company) and Galaxy China Special Situation Fund SPC, for and on behalf of its segregated portfolio, Galaxy China Special Situations Segregated Portfolio 1 (“Galaxy Fund II”) (which as at 30 June 2010 was interested in 134,800,000 shares of the Company). Accordingly, Galaxy Asset Management (H.K.) Limited was deemed to be interested in all the shares in the Company in which Galaxy Fund I and Galaxy Fund II were interested.
3. As at 30 June 2010, the entire issued share capital of Wide Source Group Ltd. was owned by Mr. Luk Yat Hung. Accordingly, Mr. Luk Yat Hung was deemed to be interested in all the shares in the Company in which Wide Source Group Ltd. was interested.
4. Based on the information made available to the Directors, Tsinghua Holdings Company Limited was interested in approximately 33.05% of the share capital of Tsinghua Tongfang Co., Limited, which in turn, was interested in the entire issued share capital of Resuccess Investments Limited. Accordingly, each of Tsinghua Holdings Company Limited and Tsinghua Tongfang Co., Limited was deemed to be interested in all the shares in the Company in which Resuccess Investments Limited was interested. The percentage holding of each of Tsinghua Holdings Company Limited, Tsinghua Tongfang Co., Limited and Resuccess Investments Limited was calculated based on the information set out in their respective latest filings with the Company, divided by the number of issued shares of the Company as at 30 June 2010.
5. The percentage holding of Deutsche Bank Aktiengesellschaft was calculated based on the information set out in its latest filing with the Company, divided by the number of issued shares of the Company as at 30 June 2010.

Long positions in underlying shares of the Company

As at 30 June 2010, 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

As at 30 June 2010, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

Short positions in underlying shares of the Company

As at 30 June 2010, 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.

Save as disclosed above, as at 30 June 2010, the Directors were not aware of any other person who had an interest or short position in the shares or 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 2010 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 30 June 2010, none of the Directors, substantial shareholders or management 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.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders, the Company has conditionally adopted and approved a share option scheme on 22 October 2003 ("New Share Option Scheme") to replace the share option scheme adopted on 26 August 2000 ("Old Share Option Scheme"). The principal terms of the New Share Option Scheme were set out in the Appendix I to the circular of the Company dated 30 September 2003. No option has been granted by the Company under both the Old Share Option Scheme and New Share Option Scheme during the period under review or outstanding as at 30 June 2010.

The purpose of the New Share Option Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution and prospective contribution to and stronger business relationship between the selected participants and the Group.

Save as disclosed above, as at 30 June 2010, none of the Directors, chief executive or management shareholders or their respective associates (as defined under the GEM Listing Rules) had any interests or rights to subscribe for any shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

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 30 June 2010, the audit committee comprises four independent non-executive Directors, namely, Professor Ip Ho Shing Horace, Mr. Tang Sze Lok, Mr. Yan Yonghong and Mr. Peng Iijun, and Mr. Tang Sze Lok is the chairman of the audit committee.

The audit committee has reviewed the unaudited consolidated results of the Group for the three months ended 30 June 2010 and has provided advice and comments thereon.

BOARD PRACTICES AND PROCEDURES

Up to the three months period ended 30 June 2010, 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.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

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
Wong Chung Wai, Eric
Chairman

Hong Kong, 9 August 2010

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

Executive Directors

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

Ms. Li Wenli

Mr. Chan Yun Sang

Mr. Ng Chi Wing

Independent Non-executive Directors

Professor Ip Ho Shing, Horace

Mr. Tang Sze Lok

Mr. Yan Yonghong

Mr. Lee Kwok Yung

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.