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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)

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF
THE POSSIBLE ACQUISITION OF
INTEREST IN CERTAIN COOPERATION AGREEMENTS
IN RELATION TO
EXPLORATION AND EXPLOITATION OF COALBED METHANE RESOURCES
LOCATED IN
SHAANXI AND SHANXI PROVINCES, THE PRC**

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

The Board is pleased to announce that, on 16 December 2009, the Company and the Prospective Vendor entered into the Memorandum of Understanding in respect of the Proposed Acquisition. Pursuant to the Memorandum of Understanding, the consideration for the Proposed Acquisition which is yet to be determined is expected to be satisfied by the Company in the combination of cash, new Shares to be allotted and issued by the Company and convertible securities to be issued by the Company.

Save for the provisions relating to exclusivity, confidentiality, and governing law and jurisdiction, the terms of the Memorandum of Understanding are not legally binding on the parties.

The Memorandum of Understanding may or may not lead to the entering into of the Formal Acquisition Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Acquisition Agreement materializes, the transaction contemplated thereunder may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcements will be made in respect thereof as and when required by the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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** For identification purpose only*

THE MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that, on 16 December 2009, the Company and the Prospective Vendor entered into the Memorandum of Understanding in respect of the Proposed Acquisition.

Save for the provisions relating to exclusivity, confidentiality, and governing law and jurisdiction, the terms of the Memorandum of Understanding are not legally binding on the parties.

The Prospective Vendor is an individual. To the best of the Directors' knowledge, companies controlled and/or owned by the Prospective Vendor have entered into the three Cooperation Agreements in relation to the exploration and exploitation of the coalbed methane resources in (i) Hequ Area in Shanxi Province; (ii) Huangyan Area in Shanxi Province; and (iii) Huangpu Area in Shaanxi Province, in the PRC, covering a total exploration area of approximately 1,500 square kilometers. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Prospective Vendor is an Independent Third Party.

Principal terms of the Memorandum of Understanding

Subject to the entering into of the Formal Acquisition Agreement, the Prospective Vendor and the Company have principally come to a preliminary understanding to, among other things, the following under the Memorandum of Understanding:

1. The Prospective Vendor will procure the implementation of a reorganization such that upon completion of the reorganization, the Target Company will be interested in not less than 50% of rights of the Projects and be entitled to the corresponding rights and assumed the corresponding obligations under the respective Cooperation Agreements;
2. The Company and the Prospective Vendor will use their best endeavour to negotiate and enter into the Formal Acquisition Agreement for the proposed acquisition of the entire equity interest in the Target Company on or before 31 January 2010 (or such later date as the parties may agree); and
3. The consideration of the Proposed Acquisition has not been determined yet and it will be determined by taking into account, among other things, the valuation of the three Projects, and will be satisfied by the Company in a combination of cash, new Shares to be allotted and issued by the Company and convertible securities to be issued by the Company.

Conditions precedent

Subject to the entering into the Formal Acquisition Agreement, each of the Prospective Vendor and the Company has come to a preliminary understanding that Completion shall be conditional, including but not limited to, upon the satisfaction of the following conditions:

1. there is no material adverse change to the financial, business and trading environment of the Target Company and its subsidiaries and the Projects;
2. the Company having completed and being satisfied with the results of its due diligence review of the Projects;

3. the implementation of a reorganization procured by the Prospective Vendor as a result of which the Target Company will be interested in not less than 50% of the rights in the Projects and be entitled to the corresponding rights and assume the corresponding obligations under the respective Cooperation Agreements;
4. the Company having obtained all relevant approvals as required under the GEM Listing Rules and complied with all relevant GEM Listing Rules, including the obtaining of the approval of the Shareholders (or independent Shareholders, if applicable) on the resolution to approve the Proposed Acquisition at an extraordinary general meeting of the Company;
5. if required, the obtaining of all relevant consents or approvals from any third party in relation to the Proposed Acquisition;
6. the Prospective Vendor will deliver to the Company, in a form acceptable to the Company and issued by such professional parties to be appointed by the Company, (i) a technical report on the Projects; (ii) a valuation report on the Projects; and (iii) a PRC legal opinion confirming the validity and legality of the Cooperation Agreements in relation to the Projects and that the Target Company has lawful ownership of the Projects; and
7. any other conditions which is required for the completion of the Proposed Acquisition.

Exclusivity

During the period from the date of entering into of the Memorandum of Understanding and up to 12:00 midnight on 31 January 2010 (or such later date as may be agreed between the parties), the Prospective Vendor agreed to enter into exclusive negotiations with the Company regarding the Proposed Acquisition.

GENERAL

The Memorandum of Understanding may or may not lead to the entering into of the Formal Acquisition Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Acquisition Agreement materializes, the transactions contemplated thereunder may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcements will be made in respect thereof as and when required by the GEM Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

TERMS USED IN THIS ANNOUNCEMENT

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Tai Shing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Completion”	completion of the Formal Acquisition Agreement
“Cooperation Agreements”	the three cooperation agreements entered into between companies controlled and/or owned by the Prospective Vendor and, to the best knowledge and belief of the Directors, an Independent Third Party in relation to the exploration and exploitation of the coalbed methane resources in (i) Hequ Area in Shanxi Province; (ii) Huangyuan Area in Shanxi Province; and (iii) Huangpu Area in Shaanxi Province, in the PRC
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Acquisition Agreement”	the formal sale and purchase agreement to be entered into between the Prospective Vendor and the Company with respect to the Proposed Acquisition
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	independent third party(ies) who is (are) not connected person(s) of the Company as defined in the GEM Listing Rules and is (are) independent of the Company and connected person of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Memorandum of Understanding”	the Memorandum of Understanding dated 16 December 2009 entered into between the Prospective Vendor and the Company in relation to the Proposed Acquisition
“Projects”	the projects to be undertaken by the parties under the Cooperative Agreements
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital in the Target Company by the Company (or its nominee)
“Prospective Vendor”	a natural person who is an Independent Third Party

“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company incorporated in BVI with limited liability, the entire share capital of which will be directly or indirectly controlled/owned by the Prospective Vendor and/or its associates
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Tai Shing International (Holdings) Limited
Luk Yat Hung
Chairman and executive Director

Hong Kong, 16 December 2009

As at the date of this announcement, the board of the Company comprises the following directors:

Executive directors:

Mr. Luk Yat Hung (*Chairman*)

Ms. Li Wenli

Independent non-executive directors:

Professor Ip Ho Shing, Horace

Mr. Yan Yonghong

Mr. Peng Lijun

Mr. Tang Sze Lok

This announcement, for which the directors of the Company 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 of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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