

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 2009

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

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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 for the purpose of given 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.

* For identification purpose only

HIGHLIGHTS

- Turnover for the three months ended 30 June 2009 amounted to approximately HK\$5.8 million representing a decrease of approximately 63% over the corresponding period in 2008.
- Profit attributable to the shareholders for the three months ended 30 June 2009 amounted to approximately HK\$0.3 million. (2008: profit HK\$0.3 million)
- Profit per share for the three months ended 30 June 2009 was approximately 0.29 HK cents. (2008: profit per share 0.32 HK cents)
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2009.

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 ended 30 June 2009, together with the unaudited comparative figures for the corresponding periods in 2008, are as follows:—

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the three months ended 30 June 2009

		Three months ended	
		30 June	
		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	4	5,823	15,877
Cost of services and merchandise sold		(2,127)	(12,972)
Gross profit		3,696	2,905
Other revenue		286	84
Selling expenses		(1,037)	(129)
General and administrative expenses		(2,465)	(1,993)
Other operating expenses	5	—	(270)
Profit from operation	6	480	597
Finance costs		(168)	(250)
Profit before taxation		312	347
Income tax	7	—	—
Profit for the period		312	347
Attributable to:			
Equity holders of the Company		312	347
Earnings per share-basic (HK cents)	9	0.29	0.32

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 24th Floor, Prosperous Commercial Building, 54-58 Jardine's Bazaar, Causeway Bay, Hong Kong. The Company's shares are listed on the GEM of 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 2009 and 2008 are consistent with those following the preparation of the Group's annual financial statements for the year ended 31 March 2009. 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 2009, 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 2009. 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	
	2009	2008
	HK\$'000	HK\$'000
Systems development	5,149	15,821
Professional services fees	674	56
	<u>5,823</u>	<u>15,877</u>

5. Other Operating Expenses

	UNAUDITED	
	Three months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
Fair value losses on financial assets at fair value through profit or loss	—	270

6. Profit from Operation

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

	UNAUDITED	
	Three months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
Auditors' remuneration	125	113
Depreciation	324	516
Finance cost — bank interest	168	250
Operating leases	447	459
Staff costs	3,374	3,749
Net exchange loss	—	8

7. Income Tax

	UNAUDITED	
	Three months ended	
	30 June	
	2009	2008
	HK\$'000	HK\$'000
PRC enterprise income tax	—	—

No Hong Kong profits tax has been provided in the financial statements as the group has no assessable profits arising in Hong Kong during the three months ended 30 June 2009 and 2008.

Pursuant to the relevant laws and regulations in the PRC, Beijing Tongfang Electronic Science & Technology Co., Ltd (“Beijing Tongfang”) is subject to a preferential Enterprise Income Tax rate of 10% which is effective from 1 January 2007 to 31 December 2009, as it is qualified as an advanced technology enterprise.

8. Dividend

The Board does not recommend the payment of any dividend for the three months ended 30 June 2009 (2008: Nil).

9. Earnings per share

The calculation of basic earnings per share for the three months ended 30 June 2009 were based on the profit attributable to the shareholders of approximately of HK\$312,000 (2008: profit of HK\$347,000) divided by the weighted average number of 109,190,000 shares for the three months ended (2008: 109,190,000 shares) in issue during the period.

There were no potential dilutive ordinary shares in issue during the three months ended 30 June 2009 and 2008.

10. Reserves

There were no dilutive potential shares in issue during the three months ended 30 June 2009 and 2008, 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 2008	22,905	1,904	1,200	4,215	(19,152)	11,072
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	394	—	394
Profit for the period	—	—	—	—	347	347
Total recognised income and expense for the period	—	—	—	394	347	741
At 30 June 2008	<u>22,905</u>	<u>1,904</u>	<u>1,200</u>	<u>4,609</u>	<u>(18,805)</u>	<u>11,813</u>
At 1 April 2009	22,905	2,079	1,200	4,217	(7,878)	22,523
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	(70)	—	(70)
Profit for the period	—	—	—	—	312	312
Total recognised income and expenses for the period	—	—	—	(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>

11. Litigation

On 19th 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 of the Company 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 2009 amounted to approximately HK\$5.8 million representing a decrease of approximately 63% over the corresponding period in 2008.

In the three months ended 30 June 2009 the Group continues to work on contracts signed last year. No major contract was awarded to the Group in the period under review.

FINANCIAL PERFORMANCE

During the three months ended 30 June 2009, the Group recorded a turnover of HK\$5.8 million (2008: HK\$16 million) representing a decrease of approximately 63% as compared to that of the corresponding period in 2008. General and administrative expenses increase to approximately HK\$2.5 million as compare to HK\$2 million of the previous corresponding period, representing an increase of approximately 24%. Profit attributable to the shareholders was approximately HK\$0.3 million (2008: profit HK\$0.3 million).

FUTURE PROSPECTS

In addition to supplying management information system to power plant and power grid in China, the Group has extended to carry out the security and surveillance business in the PRC.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30 June 2009, 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>)	Corporate	21,542,476	19.73%

Note: Mr. Luk Yat Hung will be taken to be interested in 21,542,476 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 holds 21,542,476 shares in the Company.

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

As at 30 June 2009, 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 2009, 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 of the Company, as at 30 June 2009, 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	Note	Number of shares held	Approximate percentage of shareholding
Wide Source Group Ltd.	1	21,542,476	19.73%
Mr. Luk Yat Hung	2	21,542,476	19.73%
Resuccess Investments Ltd.	3	15,890,000	14.55%
Tongfang Co. Ltd.	4	15,890,000	14.55%
Tsinghua Holdings Co. Ltd.	5	15,890,000	14.55%
Best Jade Ltd.	6	7,190,000	6.58%
Ms. Li Luyuan	7	7,190,000	6.58%

Notes:

1. Wide Source Group Ltd. (“Wide Source”) is a company incorporated in the British Virgin Islands with limited liability and is ultimately and beneficially owned as to 100% by Mr. Luk Yat Hung.
2. Mr. Luk Yat Hung will be taken to be interested in 21,542,476 shares in the Company as a result of him being beneficially interested in 100% of the issued share capital of Wide Source which in turn holds 21,542,476 shares in the Company.
3. Resuccess Investments Ltd. is a company incorporated in the British Virgin Islands with limited liability and is owned by Tongfang Co. Ltd.
4. Tongfang Co. Ltd. will be taken to be interest in 15,890,000 shares in the Company as a result of it being beneficially interested in 100% of the issued share capital of Resuccess Investments Ltd.
5. Tsinghua Holdings Co. Ltd. will be taken to be interested in 15,890,000 shares in the Company as a result of it being beneficially interested in 33.06% of the issued share capital of Tongfang Co. Ltd.
6. Best Jade Ltd. (“Best Jade”) is a company incorporated in the British Virgin Islands with limited liability and is 100% ultimately and beneficially owned by Ms. Li Luyuan.
7. Ms. Li Luyuan will be taken to be interested in 7,190,000 shares in the Company as a result of her being beneficially interested in the entire issued share capital of Best Jade which in turn holds 7,190,000 shares in the Company.

Long positions in underlying shares of the Company

As at 30 June 2009, 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 2009, 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 2009, 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 2009, 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 2009 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 30 June 2009, 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 2009.

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 2009, 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.

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 Lijun, 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 2009 and has provided advice and comments thereon.

BOARD PRACTICES AND PROCEDURES

Up to the three months period ended 30 June 2009, 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.

Li Wenli

Director

Hong Kong, 7 August 2009

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

Executive directors:

Mr. Luk Yat Hung (*Chairman*)

Ms. Li Wenli

Independent non-executive directors:

Professor Ip Ho Shing, Horace

Mr. Tang Sze Lok

Mr. Yan Yonghong

Mr. Peng Lijun

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