

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 30TH JUNE, 2007

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This announcement, for which the directors of Tai Shing International (Holdings) Limited 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 Tai Shing International (Holdings) Limited. The directors, 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 2007 amounted to approximately HK\$7 million representing a decrease of approximately 47% over the corresponding period in 2006.
- Loss attributable to the shareholders for the three months ended 30 June 2007 amount to approximately HK\$0.4 million (2006: profit HK\$2 million).
- Loss per share for the three months ended 30 June 2007 was approximately 0.45 HK cents (2006: profit per share 2.19 HK cents).
- The Board does not recommend the payment of any dividend for the three months ended 30 June 2007.

The board of directors (the “Board”) of Tai Shing International (Holdings) Limited (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 2007, together with the unaudited comparative figures for the corresponding periods in 2006, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the three months ended 30 June 2007

		Three months ended	
		30 June	
		2007	2006
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	4	7,493	14,272
Cost of services and merchandise sold		(4,681)	(10,565)
Gross Profit		2,812	3,707
Other revenue		374	997
Selling expenses		(904)	(653)
General and administrative expenses		(2,671)	(1,927)
Profit/(Loss) from operations	5	(389)	2,124
Finance cost		—	—
Profit/(Loss) before tax		(389)	2,124
Income tax	6	(24)	(129)
Profit/(Loss) for the period		(413)	1,995
Attributable to:			
Equity holders of the Company		(413)	1,995
Earnings/(Loss) per share			
— basic (HK cents)	8	(0.45)	2.19

NOTES TO THE INCOME STATEMENTS

1. General Information

Tai Shing International (Holdings) Limited (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 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 2007 and 2006 are consistent with those following the preparation of the Group’s annual financial statements for the year ended 31 March 2007. The Consolidated results are unaudited but have been reviewed by the Company’s audit committee.

3. Adoption of New and Revised HKFRSs

In the three months ended 30 June 2007, 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 2006. 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 the 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	
	2007	2006
	HK\$'000	HK\$'000
Systems development and integration	<u>7,493</u>	<u>14,272</u>

5. Profit/(loss) from operations

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

	Unaudited	
	Three months ended	
	30 June	
	2007	2006
	HK\$'000	HK\$'000
<i>Crediting</i>		
Interest income	<u>20</u>	<u>15</u>
<i>Charging</i>		
Auditors' remuneration	200	170
Depreciation	489	291
Operating lease	559	109
Staff costs	<u>3,650</u>	<u>3,592</u>

6. Income tax

	Unaudited	
	Three months ended	
	30 June	
	2007	2006
	HK\$'000	HK\$'000
PRC enterprise income tax	<u>24</u>	<u>129</u>

No provision for Hong Kong profits tax has been made for the three months ended 30 June 2007 and 2006 as the Group sustained losses for taxation purpose during both periods.

Pursuant to the relevant laws and regulations in the PRC, Beijing Tongfang Electronic Science & Technology Company Limited (“Beijing Tongfang”) is subject to PRC Enterprise Income Tax at a rate of 15% on its taxable income and is granted a 50% relief, which is effective from 1 January 2004 to 31 December 2006 (“Tax holidays”) After the Tax Holidays, 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.

7. Dividend

The Board does not recommend the payment of any dividend for the three months ended 30 June 2007 (2006: Nil).

8. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to equity holders of the Company for the three months ended 30 June 2007 is based on the loss attributable to equity holders of the Company of approximately HK\$413,000 (2006: profit of approximately HK\$1,995,000) and the weighted average number of 90,995,000 (2006: 90,995,000) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

There were no dilutive potential shares in issue during the three months ended 30 June 2007 and 2006, accordingly, no diluted earnings/(loss) per share has been presented.

9. Reserves

Movements in reserves for the three months ended 30 June 2007 and 2006 are as follows:

	Unaudited					
	Share premium HK\$'000	General reserve HK\$'000	Capital reserve HK\$'000 <i>(Note)</i>	Foreign currency translation reserve HK\$'000	Accumulated profits/ (losses) HK\$'000	Total HK\$'000
At 1 April 2006	14,049	466	1,200	235	4,603	20,553
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	542	—	542
Profit for the period	—	—	—	—	1,995	1,995
Total recognised income and expense for the period	—	—	—	542	1,995	2,537
At 30 June 2006	<u>14,049</u>	<u>466</u>	<u>1,200</u>	<u>777</u>	<u>6,598</u>	<u>23,090</u>
At 1 April 2007	14,049	1,224	1,200	1,932	1,381	19,786
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	630	—	630
Loss for the period	—	—	—	—	(413)	(413)
Total recognised income and expense for the period	—	—	—	630	(413)	217
At 30 June 2007	<u>14,049</u>	<u>1,224</u>	<u>1,200</u>	<u>2,562</u>	<u>968</u>	<u>20,003</u>

10. 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 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 the 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 directors believe that the Company has strong defence in this action and therefore, no provision for liabilities were made.

BUSINESS REVIEW

Turnover for the three months ended 30 June 2007 amounted to approximately HK\$7 million representing a decrease of approximately 47% over the corresponding period in 2006.

Beijing Tongfang Electronic Science and Technology Company Limited (“Beijing Tongfang”), the main operating unit of the Group, continue to experience strong demand for its power plant operations and management software. In the three months ended 30 June 2007, the group was awarded a number of major projects include the provision of power plant simulation software to Guangdong Electricity Development Co., Ltd Shajiao A Power Plant, and the provision of management software for Panzhihua Panmei Coal Gangue Power Generation Co., Ltd and Shanghai Waigaoqiao The Third Electricity Generation Co., Ltd.

FINANCIAL PERFORMANCE

During the three months ended 30 June 2007, the Group recorded a turnover of HK\$7 million (2006: HK\$14 million) representing a decrease of approximately 47% as compared to that of corresponding period in 2006. General and administrative expenses increase to approximately HK\$2.7 million as compared to HK\$2 million of the previous corresponding period, representing an increase of approximately 39%. The loss attributable to the shareholders amounted to approximately HK\$0.4 million (2006: profit of approximately HK\$2 million).

FUTURE PROSPECTS

The Board expects the Group to continue to benefit from the construction of power plants and the moderation of the existing power plants in the PRC.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2007, 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 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	23.67%
Mr. Ho Cho Hang	Personal	1,100,000	1.21%

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 the entire 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 2007, 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 2007, 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 derivatives 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 2007, the following persons who had an interest or a short position in the shares of the Company 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	23.67%
Mr. Luk Yat Hung	2	21,542,476	23.67%
Resuccess Investments Limited	3	15,890,000	17.46%
Tongfang Co. Limited	4	15,890,000	17.46%
Tsinghua Holdings Company Ltd.	5	15,890,000	17.46%
Best Jade Ltd.	6	7,190,000	7.90%
Ms. Li Luyuan	7	7,190,000	7.90%

Notes:

1. Wide Source Group Ltd. ("Wide Source") is a company incorporated in the British Virgin Islands with limited liability and is 100% ultimately and beneficially owned 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 Limited is a company incorporated in the British Virgin Islands with limited liabilities and is owned by Tongfang Co. Limited.
4. Tongfang Co. Limited will be taken to be interested 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 Limited.
5. Tsinghua Holdings Company 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. Limited.
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 2007, 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 2007, 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 2007, 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 2007, 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 any member of 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 2007 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 30 June 2007, none of the directors, management shareholders or substantial 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 (the "New Scheme") to replace the share option scheme adopted on 26 August 2000 (the "Old Scheme"). The principal terms of the New 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 Scheme and the New Scheme during the period under review or outstanding as at 30 June 2007.

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

Save as disclosed above, as at 30 June 2007, 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 in May 2000 with written terms of reference in compliance with 5.28 and 5.33 of the Listing Rules. The Audit Committee comprises 4 Independent Non-executive Directors of the Company, one of them has the appropriate professional qualifications, accounting or related financial management expertise. The Audit Committee is chaired by Mr. Chung Shui Ming, Timpson and the other members are Professor Ip Ho Shing, Horace, Mr. Yan Yonghong and Mr. Peng Lijun.

The Audit Committee reviews the internal accounting procedures, considers and reports to the Board with respect to other auditing and accounting matters, including selection of independent auditors, fees to be paid to the independent auditors and the performance of the independent auditors.

The unaudited consolidated results of the Group for the three months ended 30 June 2007 have been reviewed by the Audit Committee.

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.

By Order of the Board
Li Wenli
Director

Hong Kong, 26 July 2007

As at the date of announcement, the Board comprises the following directors:

Executive Directors:

Mr. Ho Cho Hang
Ms. Li Wenli

Non-executive Director:

Mr. Luk Yat Hung (Chairman)

Independent Non-executive Directors:

Mr. Chung Shui Ming, Timpson
Professor Ip Ho Shing, Horace
Mr. Yan Yonghong
Mr. Peng Lijun

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