

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際（控股）有限公司*

(formerly known as Systek Information Technology (Holdings) Limited 訊泰科技（控股）有限公司*)

(incorporated in the Cayman Islands with limited liability)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER, 2003

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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 and nine months period ended 31 December, 2003 amounted to approximately HK\$2,349,000 and HK\$18,301,000 respectively representing a decrease of approximately 76.5% and 41.3% over the corresponding periods in 2002.
- During the three months ended 31 December, 2003, it recorded a profit attributable to the shareholders amounted to approximately HK\$64,000 representing an improvement of 101.3% over the corresponding period in 2002 operating in a loss. However, for the nine months ended 31 December, 2003, it still recorded a loss attributable to the shareholders amounted to approximately HK\$706,000 representing an improvement of 96.3% over the corresponding period in 2002.
- The Board does not recommend the payment of an interim dividend for the nine months period ended 31 December, 2003.
- The Capital Reorganization proposed on 9 September, 2003 has taken effect on 2 February, 2004.
- The change of the Company's name from System Information Technology (Holdings) Limited and 訊泰科技(控股)有限公司 for identification purpose to Tai Shing International (Holdings) Limited and 泰盛國際(控股)有限公司 for identification purpose respectively has taken effect on 2 February, 2004.

The board of directors (the “Board”) of Tai Shing International (Holdings) Limited (formerly known as Systek Information Technology (Holdings) Limited) (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months period ended 31 December, 2003, together with the unaudited comparative figures for the corresponding periods in 2002, as set out below:

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Turnover	2	2,349	9,995	18,301	31,155
Cost of services and merchandise sold		(1,421)	(7,249)	(12,195)	(21,762)
Gross Profit		928	2,746	6,106	9,393
Other revenue		–	8	22	26
Research and development costs		–	(2,127)	(623)	(6,238)
Selling expenses		(11)	(291)	(588)	(2,517)
General and administrative expenses		(566)	(4,835)	(5,414)	(19,323)
Profit/(Loss) from operations	3	351	(4,499)	(497)	(18,659)
Exceptional item – severance payment		–	(421)	–	(421)
Finance cost		(2)	–	(16)	–
Loss on disposal of subsidiaries		(285)	–	(193)	–
Profit/(Loss) from ordinary activities before taxation		64	(4,920)	(706)	(19,080)
Taxation	4	–	–	–	–
Profit/(Loss) from ordinary activities after taxation		64	(4,920)	(706)	(19,080)
Minority interests		–	–	–	–
Profit/(Loss) attributable to the shareholders		64	(4,920)	(706)	(19,080)
Earnings/(Loss) per share – basic (<i>HK cents</i>)	5	0.006	(0.475)	(0.068)	(1.841)

NOTES TO THE ACCOUNTS

1. Basis of presentation

The unaudited consolidated results of the Group (the “results”) have been prepared in accordance with the Statement of Standard Accounting Practice issued by the Hong Kong Society of Accountants, and with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (Chapter 32).

The accounting policies and methods of computation used in the preparation of the results are consistent with those used in the audited annual accounts for the year ended 31 March, 2003.

All significant intra-group transactions and balances have been eliminated in the preparation of the results.

2. Turnover

The principal activities of the Group are the provision of systems development, sale of software and hardware products, provision of professional services and provision of training. Turnover represents income arising from the provision of systems development and consultancy services, provision of IT engineering and technical support services, provision of training courses and the sale of software and hardware products.

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

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Principal activities</i>				
Systems development	1,056	4,883	9,693	18,454
Sale of software and hardware products	370	1,718	3,102	2,789
Professional services fees	890	2,892	4,725	8,638
Training fees	33	502	781	1,274
	2,349	9,995	18,301	31,155

3. Profit/(Loss) from operations

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

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	31 December		31 December	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Crediting</i>				
Interest income	<u>-</u>	<u>1</u>	<u>1</u>	<u>18</u>
	<u>-</u>	<u>1</u>	<u>1</u>	<u>18</u>
<i>Charging</i>				
Auditors' remuneration	-	150	145	450
Depreciation	10	646	767	1,911
Finance cost – bank interests	2	-	16	-
Amortisation of deferred assets	-	-	-	48
Operating lease	110	1,030	1,300	3,231
Staff costs	1,527	7,299	12,791	22,038
Exceptional item – severance payment	<u>-</u>	<u>421</u>	<u>-</u>	<u>421</u>

4. Taxation

No provision for Hong Kong profits tax has been made for the nine months ended 31 December, 2003 and 2002 as the Group sustained losses for taxation purpose during the periods.

Subsidiaries operating in the PRC are exempted from PRC income tax for two years commencing from the first profit making year and are entitled to a 50% relief from PRC income tax for the following three years, after which the profits are subject to PRC income tax at the standard rate of 33%. These subsidiaries sustained losses since incorporation and the two-year tax exemption period has not commenced.

5. Earnings/(Loss) per share

The calculation of basic earnings per share for the three months and basic loss per share for the nine months ended 31 December, 2003 were based on the profit attributable to the shareholders of approximately of HK\$64,000 (2002: loss of HK\$4,920,000) and the loss attributable to the shareholders of approximately of HK\$706,000 (2002: loss of HK\$19,080,000) respectively divided by the weighted average number of 1,036,375,000 (2002: 1,036,375,000) shares in issue during the year.

There were no potential dilutive ordinary shares in issue the three months and nine months ended 31 December, 2003 and 2002.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months period ended 31 December, 2003 (2002: Nil).

BUSINESS REVIEW

During the period under review, the Company had successfully acquired 40% interest in 北京中廣鴻聯網絡技術有限公司 (“Hung Luen”), an information technology company incorporated in Beijing, the People’s Republic of China (“PRC”) in a consideration of HK\$1.8 million which was satisfied by an issue of promissory note. Hung Luen is principally engaged in the business of research, development and provision of information-on-demand system solutions, telecommunication and broadcasting media network solutions and the provision of related products and services. In addition, it is also engaged in distribution of computers and computer-related hardware, medical equipments, domestic appliances, general merchandises and spare parts of automobiles. The Board believed that the acquisition provided an opportunity for the Company to widen its assets and earning base and to diversify its business portfolio by capturing a suitable investment opportunity in the information technology industry in the PRC. Upon completion of the acquisition, the Group and Hung Luen can form an alliance with which Hung Luen can offer strong technical know-how and the Group offers its good knowledge of the international market experience in project management and software products quality assurance. The Group can make use of the advantages of Hung Luen in low-cost operating environment and PRC market penetration to explore more sales opportunities in the PRC market.

On 9 September, 2003 the Company announced a proposal for capital reorganization (“Capital Reorganization”) under which, among other matters, the paid-up and the nominal value of each of the 1,036,375,000 issued shares will be reduced from HK\$0.10 to HK\$0.002 whereby the Company’s issued share capital of HK\$103,637,500 will be reduced to HK\$2,072,750 (“Share Capital Reduction”), every 25 intermediate shares of HK\$0.002 each will be consolidated into one reorganized share of HK\$0.05 each. The amount standing to the credit of the share premium account will be applied towards the elimination of the same amount of the accumulated losses of the Company as permitted by the laws of

the Cayman Islands. The relevant petition for the Share Capital Reduction and the elimination of share premium accounts (the “Petition”) was made to the Grand Court of the Cayman Islands on 21 November, 2003. The hearing of the Petition for confirmation of the Share Capital Reduction was held on 30 January, 2004 during which the Share Capital Reduction was approved. The effective date of the Capital Reorganization was 2 February, 2004.

Subsequent to the review period, the name of the Company was changed from System Information Technology (Holdings) Limited and 訊泰科技(控股)有限公司 for identification purpose to Tai Shing International (Holdings) Limited and 泰盛國際(控股)有限公司 for identification purpose respectively with effect from 2 February, 2004. The change of name were made pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 22 October, 2003 and the approval of the Companies Registrar of the Cayman Islands on 2 February, 2004.

During the period under review, the Board has further disposed of unprofitable subsidiaries. In view of the ever-decreasing profit margin and the persisting loss sustained by the subsidiaries, the Board believes that the disposal is in the best interest of the Group and the shareholder. The Board will continue to dispose of unprofitable businesses in order to enhance the profitability of the Group.

The Board will use its best endeavor to take every measure to reduce the loss sustained by the Group and explore suitable business opportunities and new investments which are in the best interests of the Group and the shareholders.

In view of the improving sentiment in the equity capital market in Hong Kong, the directors are considering a fund raising exercise to provide additional working capital to the Company or to facilitate its future business expansion. In the event that the Company has resolved to proceed with any fund raising exercise, it will make the relevant announcement and seek the approvals, if necessary, of the shareholders and the authorities as prescribed by the GEM Listing Rules.

FINANCIAL PERFORMANCE

During the nine months ended 31 December, 2003, the Group recorded a turnover of HK\$18.3 million (2002: HK\$31.1 million) representing a decrease of approximately 41.3% as compared with the same period of last year. General and administrative expenses were reduced to approximately HK\$5.4 million as compared to HK\$19.3 million of the previous corresponding period, representing a decrease of approximately 72%. The loss attributed to the shareholders amounted to approximately HK\$0.7 million (2002: HK\$19.1 million) representing an improvement of approximately 96.3% over the same period in 2002.

FUTURE PROSPECTS

The Board will continue to simplify the organization of the Group, tightly manage expenses, develop new products and services, dispose of unprofitable businesses and execute strategic acquisitions in order to enhance the profitability of the Group. The Board remains cautiously optimistic about the prospects of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 December, 2003, 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 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 Rules 5.40 to 5.58 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	Number of ordinary shares held			Total	Percentage of issued share capital
	Personal	Family	Corporate		
Mr. Luk Yat Hung (<i>Note</i>)	–	–	538,561,914	538,561,914	51.97%

Note: Mr. Luk Yat Hung will be taken to be interested in 538,561,914 shares in the Company as a result of him being beneficially interested in 50% of the issued share capital of Wide Source Group Ltd. which in turn holds 538,561,914 shares in the Company.

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

As at 31 December, 2003, no long positions of the 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 5.40 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 5.40 of the GEM Listing Rules.

Save as disclosed above, as at 31 December, 2003, 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 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 Rules 5.40 to 5.58 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors or chief executive of the Company, as at 31 December, 2003, the following persons who had an interest or a short position in the shares and underlying shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:–

Name of Shareholders	Note	Number of shares held	Approximate Percentage of shareholding
Wide Source Group Ltd.	1	538,561,914	51.97%
Mr. Luk Yat Hung	2	538,561,914	51.97%
Mr. Ma Bing	3	538,561,914	51.97%
Suez Asia Holdings Pte Ltd.	4	85,300,000	8.23%

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 50% by Mr. Luk Yat Hung and as to 50% by Mr. Ma Bing.
2. Mr. Luk Yat Hung will be taken to be interested in 538,561,914 shares in the Company as a result of him being beneficially interested in 50% of the issued share capital of Wide Source which in turn holds 538,561,914 shares in the Company.

3. Mr. Ma Bing will be taken to be interested in 538,561,914 shares in the Company as a result of him being beneficially interested in 50% of the issued share capital of Wide Source which in turn holds 538,561,914 shares in the Company.
4. Suez Asia Holdings Pte Ltd. is a private equity investor in Asia holding the share of the Company in trust.

Save as disclosed above, as at 31 December, 2003, the directors are not aware of any other person who has an interest or a short position in the shares and underlying shares (including interests in options, if any) of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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 end of the nine months period ended 31 December, 2003 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 31 December, 2003, none of the directors or the initial 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

The share option scheme of the Company was adopted on 26 August, 2000 (the "Old Share Option Scheme"), the principal terms of which were set out in the Company's prospectus dated 4 September, 2000. No option has been granted by the Company under the Old Share Option Scheme during the period under review or outstanding as at 31 December, 2003.

To be in line with the changes of the GEM Listing Rules in relation to share option scheme and in order for the Company to attract, retain and motivate talented employees to strive for the goals of the Group and to provide the Company with a flexible means of giving incentives to, rewarding, remunerating and/or providing benefits to the employees, on 9 September, 2003, the Board proposed the termination of the Old Share Option Scheme and an adoption of a new share option scheme (the “New Share Option Scheme”) for the employees of the Group. A summary of the principal terms of the New Share Option Scheme has been set out in Appendix I to the circular of the Company dispatched on 30 September, 2003. An extraordinary general meeting was held on 22 October, 2003 during which, all relevant resolutions for, among other things, the said termination of the Old Share Option Scheme and an adoption of the New Share Option Scheme were passed as ordinary resolutions by the shareholders. As at 31 December, 2003, no option has been granted by the Company under the New Share Option Scheme.

Save as disclosed herein, as at 31 December, 2003, none of the directors, chief executive or management shareholders or their respective associates (as defined under the GEM Listing Rules) had any right to subscribe for the shares of the Group.

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 5.23 to 5.25 of the GEM Listing Rules. The audit committee members comprise two independent non-executive directors, namely, Mr. Chung Shui Ming, Timpson and Professor Ip Ho Shing, Horace and Mr. Chung Shui Ming, Timpson is the chairperson of the audit committee. The primary duties of audit committee are to review and to supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board.

The audit committee has reviewed the draft of this quarterly results and has provided advice and comments thereon.

BOARD PRACTICES AND PROCEDURES

Up to the nine months period ended 31 December, 2003, the Company has complied with Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board

Luk Yat Hung

Chairman

Hong Kong, 11 February 2004

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 date of its posting and on the website of the Company at www.taishingintl.com.