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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 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 higher 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 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 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 document misleading.

* *For identification purposes only*

RESULTS

The board of directors (the "Board") of Tai Shing International (Holdings) Limited (the "Company") is pleased to present the audited consolidated financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010, together with the audited comparative figures for the corresponding year in 2009.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	4	**68,583**	108,003
Cost of services provided		**(52,278)**	(61,987)
Gross profit		**16,305**	46,016
Other operating income	4	**12,281**	6,300
Selling and distribution expenses		**(5,806)**	(2,730)
Administrative expenses		**(14,110)**	(12,640)
Other operating expenses		**(4,921)**	(22,653)
Finance costs	5	**(602)**	(559)
Share of results of associates		**—**	(5)
Profit before taxation		**3,147**	13,729
Income tax credit (expense)	7	**497**	(2,280)
Profit for the year	8	**3,644**	11,449
Exchange difference arising on translation and total other comprehensive income for the year		**(86)**	2
Total comprehensive income for the year		**3,558**	11,451
Earnings per share — Basic and diluted	10	**HK0.33 cents**	HK1.05 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Plant and equipment		**1,887**	3,025
Intangible asset		**—**	—
Interests in associates		**—**	—
Goodwill		**—**	131
Deposit paid for acquisition of plant and equipment		**300**	—
		2,187	3,156
Current assets			
Trade and other receivables	*11*	**51,955**	27,769
Deposit for acquisition of a subsidiary	*12*	**25,000**	—
Amounts due from customers for contract work		**24,014**	70,852
Financial assets at fair value through profit or loss		**529**	330
Pledged bank deposits		**1,106**	1,002
Bank balances and cash		**25,857**	3,745
		128,461	103,698
Current liabilities			
Amounts due to customers for contract work		**8,044**	8,022
Trade and other payables	*13*	**36,207**	32,254
Receipts in advance		**7,308**	16,839
Warranty provision		**947**	1,418
Amount due to a substantial shareholder		**9,152**	6,950
Income tax payable		**1,866**	2,201
Bank borrowings		**11,449**	11,187
		74,973	78,871
Net current assets		**53,488**	24,827
		55,675	27,983
Capital and reserves			
Share capital	*14*	**6,529**	5,460
Reserves		**49,146**	22,523
		55,675	27,983

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	General reserve *HK$'000* *(Note a)*	Capital reserve *HK$'000* *(Note b)*	Exchange translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2008	5,460	22,905	1,904	1,200	4,215	(19,152)	16,532
Total comprehensive income for the year, net of tax	—	—	—	—	2	11,449	11,451
Transfer	—	—	175	—	—	(175)	—
At 31 March 2009	5,460	22,905	2,079	1,200	4,217	(7,878)	27,983
Total comprehensive income for the year, net of tax	—	—	—	—	(86)	3,644	3,558
Issue of shares upon							
— placement of shares	1,069	23,475	—	—	—	—	24,544
— transaction cost attributable to placement of shares	—	(410)	—	—	—	—	(410)
Transfer	—	—	360	—	—	(360)	—
At 31 March 2010	6,529	45,970	2,439	1,200	4,131	(4,594)	55,675

Notes:

(a) General reserve

According to the relevant rules and regulations of the People's Republic of China (the "PRC"), the Group's subsidiary in the PRC should allocate part of its profit after taxation to the general reserve, which can be used for making good losses and to convert into paid-up capital.

(b) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than the subsidiary established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries (the "Group") is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the consolidated financial statements in HK$.

The principal activities of the Group is the provision of systems development and integration services, the sales of software and hardware products and provision of professional services.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include 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.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) — Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK (IFRIC) — Int 13	Customer Loyalty Programmes
HK (IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK (IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HK (IFRIC) — Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the above new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard. The adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments nor changes in basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) — INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) — INT 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods beginning on or after 1 February 2010.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 January 2011.
8 Effective for annual periods beginning on or after 1 January 2013.

4. TURNOVER AND OTHER OPERATING INCOME

Turnover represents revenue arising from installation and development of systems and net amounts received and receivable for services provided by the Group to outside customers net of sales related taxes.

An analysis of the Group's turnover for the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Turnover		
Systems development	**63,981**	105,697
Professional service income	**4,602**	2,306
	68,583	108,003
Other operating income		
Fair value gains on financial assets at fair value through profit or loss	**33**	27
Gain on disposal of financial assets at fair value through profit or loss	**121**	—
Interest income	**33**	112
Reversal of impairment loss in respect of trade receivables	**5,152**	1,422
Reversal of impairment loss in respect of other receivables	**832**	2,291
Reversal of impairment loss in respect of retention receivables	**1,311**	—
Sundry income	**59**	189
Value added tax refund *(Note)*	**4,740**	2,259
	12,281	6,300
Total revenues	**80,864**	114,303

Note: A tax concession has been granted by the PRC tax authorities to the Company's subsidiary, Beijing Tongfang Electronic Science & Technology Limited ("Beijing Tongfang") for the sales of certain self-developed computer software products. Under this concession, Beijing Tongfang is entitled to a refund of value added tax paid in excess of an effective rate of 3%. The amount of value added tax refund is recognised as other operating income.

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowings due within one year	**602**	559

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into two operating divisions - systems development and professional services.

Systems development — Provision of systems development, maintenance and installation as well as consulting service.

Professional services — Provision of information technology engineering and technical support services.

(a) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments.

	For the year ended 31 March					
	Systems development		Professional services		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER						
Revenue from external customers	**63,981**	105,697	**4,602**	2,306	**68,583**	108,003
RESULT						
Segment results	**5,728**	17,630	**1,329**	1,947	**7,057**	19,577
Interest income					**33**	112
Unallocated income					**213**	216
Unallocated expenses					**(3,554)**	(5,612)
Finance costs					**(602)**	(559)
Share of results of associates					**—**	(5)
Income tax credit (expense)					**497**	(2,280)
Profit for the year					**3,644**	11,449

There are no sales between the reportable segments for both years ended 31 March 2010 and 2009.

Segment results represents the results of each segment without allocation of interest income, central administration costs and directors' remunerations, finance costs, share of results of associates and income tax credit (expense). This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

	At 31 March					
	Systems development		Professional services		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS						
Segment assets	**77,043**	97,674	**1,396**	3,359	**78,439**	101,033
Unallocated corporate assets						
— Deposit paid for acquisition of plant and equipment					**300**	—
— Deposit paid for acquisition of a subsidiary					**25,000**	—
— Financial asset at fair value through profit or loss					**529**	330
— Bank balances and cash					**25,857**	3,745
— Others					**523**	1,746
Total assets					**130,648**	106,854
LIABILITIES						
Segment liabilities	**41,215**	49,042	**858**	3,696	**42,073**	52,738
Unallocated corporate liabilities						
— Amount due to a substantial shareholder					**9,152**	6,950
— Income tax payable					**1,866**	2,201
— Bank borrowings					**11,449**	11,187
— Others					**10,433**	5,795
Total liabilities					**74,973**	78,871

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than deposit paid for acquisition of plant and equipment, deposit paid for acquisition of a subsidiary, financial assets at fair value through profit or loss and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than amount due to a substantial shareholder, income tax payable and bank borrowings. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

For the two years ended 31 March 2010 and 2009, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

(d) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	For the year ended 31 March							
	Systems development		Professional services		Unallocated		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information								
Additions to non-current assets *(Note)*	**88**	251	**7**	8	**–**	–	**95**	259
Depreciation	**587**	716	**18**	21	**450**	780	**1,055**	1,517
Loss on disposals of plant and equipment	**53**	–	**4**	–	**–**	7	**57**	7
Impairment loss recognised in respect of trade receivables	**3,104**	13,867	**904**	–	**–**	–	**4,008**	13,867
Impairment loss recognised in respect of retention receivables	**–**	2,727	**–**	–	**–**	–	**–**	2,727
Impairment loss recognised in respect of other receivables	**340**	2,634	**–**	–	**442**	3,193	**782**	5,827
Impairment loss recognised in respect of goodwill	**–**	–	**–**	–	**131**	–	**131**	–
Reversal of impairment loss in respect of trade receivables	**(5,152)**	(231)	**–**	(1,191)	**–**	–	**(5,152)**	(1,422)
Reversal of impairment loss in respect of retention receivables	**(1,311)**	–	**–**	–	**–**	–	**(1,311)**	–
Reversal of impairment loss recognised in respect of other receivables	**(832)**	(2,291)	**–**	–	**–**	–	**(832)**	(2,291)
(Gain) loss on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**(121)**	232	**(121)**	232

Note: Non-current assets excluded financial instruments.

(e) Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group as follows:

	Revenue generated from	**2010** ***HK$'000***	2009 *HK$'000*
Company A	System development	**N/A***	20,132
Company B	System development	**N/A***	10,961
Company C	System development	**N/A***	10,942

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

7. INCOME TAX (CREDIT) EXPENSE

	2010	2009
	HK$'000	*HK$'000*
PRC Enterprise Income Tax		
— current	**1,372**	2,280
— overprovision in prior years	**(1,869)**	—
	(497)	2,280

(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 Profits Tax has not been provided for in the consolidated financial statements as there was no estimated assessable profit derived from Hong Kong in both years.

(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.

8. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2010	2009
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments)		
Wages, salaries and other benefits	**19,368**	19,605
Retirement benefits scheme contributions	**1,845**	2,661
Total staff costs	**21,213**	22,266
Auditor's remuneration	**640**	552
Depreciation	**1,055**	1,517
Loss on disposals of plant and equipment	**57**	7
Operating lease charges in respect of land and buildings	**1,826**	1,778
Net exchange loss	**—**	8
Research and development expenditure	**3,472**	478

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of the reporting date (2009: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$3,644,000 (2009: HK$11,449,000) and the weighted average number of 1,107,479,180 (2009: 1,091,900,000) ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the subdividion of shares effective on 16 April 2010.

Diluted earnings per share is the same as basic earnings per share because the Company had no dilutive potential shares for both years.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade and bills receivables	**65,608**	39,278
Less: Impairment loss recognised in respect of trade receivables	**(23,288)**	(24,052)
	42,320	15,226
Retention receivables	**4,866**	4,762
Less: Impairment loss recognised in respect of retention receivables	**(1,464)**	(2,727)
	3,402	2,035
Prepayments, deposits and other receivables	**23,237**	27,140
Less: Impairment loss recognised in respect of other receivables	**(17,004)**	(16,632)
	6,233	10,508
	51,955	27,769

(a) Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months overdue are requested to settle all outstanding balances before any further credit is granted.

(b) An aged analysis of trade and bills receivables based on the date of invoice, net of impairment loss recognised is as follows:

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**10,513**	3,751
31-90 days	**2,791**	5,076
Over 90 days	**29,016**	6,399
	42,320	15,226

(c) At 31 March 2010, amounts of approximately HK$3,402,000 (2009: HK$2,035,000) net of impairment loss, recognised included in retention receivables are due for settlement more than 12 months.

(d) The movements in impairment losses of trade receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**24,052**	11,599
Exchange realignment	**550**	8
Reversal during the year	**(5,152)**	(1,422)
Recognised during the year	**4,008**	13,867
Written off as uncollectible	**(170)**	—
At 31 March	**23,288**	24,052

At 31 March 2010, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balances of approximately HK$23,288,000 (2009: HK$24,052,000) which are due to long outstanding. The Group does not hold any collateral over these balances.

(e) The movements in impairment losses of retention receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**2,727**	—
Exchange realignment	**48**	—
Reversal during the year	**(1,311)**	—
Recognised during the year	**—**	2,727
At 31 March	**1,464**	2,727

At 31 March 2010, the directors of the Company reviewed the carrying values of the retention receivables and in light of the long outstanding, an impairment loss of retention receivables are individually impaired with aggregate balances of HK$1,464,000 (2009: HK$2,727,000) was recognised. The Group does not hold any collateral over these balances.

(f) The movements in impairment losses of other receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
At 1 April	**16,632**	13,088
Exchange realignment	**422**	8
Reversal during the year	**(832)**	(2,291)
Recognised during the year	**782**	5,827
At 31 March	**17,004**	16,632

Included in the impairment loss are individually impaired other receivables with an aggregate balance of approximately HK$17,004,000 (2009: HK$ 16,632,000) which are due to long outstanding. The Group does not hold any collateral over these balances.

(g) At 31 March 2010 and 2009, the analysis of trade and bills receivables that were past due but not impaired are as follows:

			Past due but not impaired	
	Total	**Neither past due nor impaired**	**<90 days**	**Over 90 days but less than 1 year**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2010	42,320	5,147	8,157	29,016
31 March 2009	15,226	2,386	6,441	6,399

Trade and bills receivables that were neither past due nor impaired relate to a wide range of customers who has no recent history of default.

Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

12. DEPOSIT FOR ACQUISITION OF A SUBSIDIARY

Balance at 31 March 2010 represents a refundable deposit of HK$25,000,000 (2009: Nil) paid to Expertone Holdings Limited ("Expertone"), an independent third party in connection with the proposed acquisition of Fullmark Management Limited ("Fullmark"). The Company entered into a conditional sales and purchase agreement on 14 June 2010, details of the proposed acquisition are set out in the announcement of the Company dated 14 June 2010.

13. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**16,327**	17,787
Accrued expenses and other payables	**19,880**	14,467
	36,207	32,254

An aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2010	2009
	HK$'000	*HK$'000*
0-30 days	**547**	1,892
31-90 days	**1,105**	2,397
Over 90 days	**14,675**	13,498
	16,327	17,787

Included in accrued expenses and other payables are amounts in total of approximately HK$150,000 (2009: HK$441,000) representing accrued directors' fees due to the Company's directors.

The average credit period granted by the suppliers of the Group is 30-90 days (2009: 30-90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

14. SHARE CAPITAL

Ordinary shares of HK$0.05 each	**Number of shares**	*HK$'000*
Authorised:		
At 1 April 2008, 31 March 2009 and 31 March 2010	4,000,000,000	200,000
At 1 April 2008 and 31 March 2009	109,190,000	5,460
Issue of shares upon placements *(Note a)*	21,380,000	1,069
At 31 March 2010	130,570,000	6,529

Notes:

(a) On 23 February 2010 and 1 March 2010, the Company and Wide Source Group Ltd ("Wide Source"), a substantial shareholder of the Company, entered into subscription agreements pursuant to which Wide Source has agreed to subscribe for 16,380,000 and 5,000,000 ordinary shares of HK$0.05 each of the Company at the subscription price of HK$1.01 per share and HK$1.60 per share, respectively. The subscriptions were completed on 4 March 2010 and 10 March 2010, respectively. A sum of approximately HK$24,134,000 net of placement expenses was raised and used as working capital of the Group.

(b) The ordinary shares issued above ranked pari passu with the then existing ordinary shares of the Company in all respects.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year under review, Tai Shing International (Holdings) Limited ("Company") and its subsidiaries (collectively, the "Group") recorded a consolidated turnover of approximately HK$68.6 million which represented a decrease of approximately 36% as compared with that of the preceding financial year. The decrease is principally due to a drop in revenue generated by our security and surveillance system division. In the year under review this division did not enter into any new contract.

Furthermore, Beijing Tongfang Electronic Science & Technology Limited ("Beijing Tongfang"), a wholly-owned subsidiary of the Company, which is engaged in research, development and provision of integrated management information system for power plants, has recorded a profit in the year under review despite a decrease in turnover. Competition in this market remained keen, and Beijing Tongfang recorded a small drop in turnover in the year under review.

BUSINESS OUTLOOK

Market competition is expected to remain keen for both security and surveillance system division and power plant management information system division. Hence, the Group is actively seeking opportunities to expand its business into other markets. As disclosed in the announcement of the Company dated 14 June 2010, the proposed acquisition of Fullmark Management Limited would provide an opportunity for the Group to expand its scope of IT consultancy services by pontificating in the insurance market in the People's Republic of China, which is expected to have a rising demand.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31 March 2010, the Group recorded a turnover of HK$68.6 million (2009: HK$108.0 million) representing a decrease of approximately 36% as compared with the turnover for the year ended 31 March 2009. The decrease was principally due to a fall in revenue contributed by the security and surveillance system division. The administrative expenses were approximately HK$14.1 million for the year ended 31 March 2010 as compared to HK$12.6 million of the previous corresponding year, representing an increase of approximately 12%. Other operating expenses decreased to HK$4.9 million (2009: HK$22.7 million) which was mainly due to the decrease in impairment loss recognised in respect of trade receivables of approximately HK$9.8 million (2009: increased in HK$9.9 million) and impairment loss recognised on other receivables and retention receivables of approximately HK$7.6 million (2009: increased in HK$5.0 million). Profit attributable to the owners amounted to approximately HK$3.6 million (2009: HK$11.4 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, shareholders' funds of the Group amounted to approximately HK$55.7 million (2009: HK$28.0 million). Current assets amounted to approximately HK$128.5 million (2009: HK$103.7 million), of which approximately HK$25.9 million (2009: HK$3.7 million) were bank balances and cash. Current liabilities were approximately HK$75.0 million (2009: HK$78.9 million) mainly comprised of trade and other payables, amounts due to customers for contract work and receipts in advance. Total borrowings of the Group as at 31 March 2010 were HK$11.4 million (2009: HK$11.2 million) which were unsecured short-term bank loan with an effective interest rate of 5.841% (2009: 5.841%). Capital commitments of the Group as at 31 March 2010 were HK$4.8 million (2009: Nil) which are for the acquisition of motor vehicles.

On 1 March 2010, a total of 16,380,000 ordinary shares of HK$0.05 each in the Company beneficially owned by Wide Source Group Ltd. were placed to the following placees pursuant to the placing agreement entered into between Wide Source Group Ltd., the Company and VC Brokerage Limited dated 23 February 2010:

Name of placee	Number of shares allocated
Galaxy China Special Situations Fund SPC, for and on behalf of its Segregated Portfolio, Galaxy China Special Situations Segregate Portfolio 1	7,000,000
Galaxy China Deep Value Fund	7,380,000
Cheever Capital Management (Asia) Ltd.	2,000,000

Pursuant to the subscription agreement between the Company and Wide Source Group Ltd. dated 23 February 2010, on 4 March 2010, the Company issued 16,380,000 new ordinary shares of HK$0.05 each in the Company (with an aggregate nominal value of HK$819,000) at a price of HK$1.01 per share to Wide Source Group Ltd., as a top-up subscription, raising net proceeds of approximately HK$15.5 million for working capital of the Group under the general mandate granted to the directors of the Company ("Directors") at the annual general meeting of the Company held on 6 August 2009. The net price to the Company of each subscription share is approximately HK$0.95. As at 23 February 2010, the closing price of the shares of the Company was HK$1.26 per share. The new shares issued rank pari passu with other shares in issue in all respects. The reason for making the issue of the new shares was to enlarge the equity base of the Company and provide general working capital for the Company's business expansion. Please refer to the announcements of the Company dated 23 February 2010, 26 February 2010 and 4 March 2010 for details.

On 4 March 2010, a total of 5,000,000 ordinary shares of HK$0.05 each in the Company beneficially owned by Wide Source Group Ltd. were placed to the following placees pursuant to the placing agreement entered into between Wide Source Group Ltd., the Company and VC Brokerage Limited dated 1 March 2010:

Name of placee	Number of shares allocated
Hui Hing Choi	1,500,000
Huge Mars International Limited	2,500,000
Harmony Asset Limited	1,000,000

Pursuant to the subscription agreement between the Company and Wide Source Group Ltd. dated 1 March 2010, on 4 March 2010, the Company issued 5,000,000 new ordinary shares of HK$0.05 each in the Company (with an aggregate nominal value of HK$250,000) at a price of HK$1.60 per share to Wide Source Group Ltd., as a top-up subscription, raising net proceeds of approximately HK$7.6 million for working capital of the Group under the general mandate granted to the Directors at the annual general meeting of the Company held on 6 August 2009. The net price to the Company of each subscription share is approximately HK$1.52. As at 1 March 2010, the closing price of the shares of the Company was HK$1.88 per share. The new shares issued rank pari passu with other shares in issue in all respects. The reason for making the issue of the new shares was to enlarge the equity base of the Company and provide general working capital for the Company's business expansion. Please refer to the announcements of the Company dated 1 March 2010 and 10 March 2010 for details.

Wide Source Group Ltd. is wholly-owned by Mr. Luk Yat Hung, the chairman of the board of Directors and an executive Director of the Company.

Subsequent to the financial year under review, on 16 April 2010, each share of HK$0.05 of the Company has been 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.

Save for the abovementioned, during the year under review, there was no other material changes on the capital structure of the Company.

GEARING RATIO

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 31 March 2010 was 135% (2009: 282%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2010, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. The risks of exchange rate difference is considered minimal and the Group has not employed any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

The Group did not launch any new products or services during the year under review.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Reference is made to the announcements by the Company dated 11 February 2010 and 14 June 2010.

On 11 February 2010, the Company has entered into a memorandum of understanding dated 11 February 2010 with Expertone Holdings Limited ("Expertone"), a company incorporated in the British Virgin Islands, whereas the Company and Expertone Holdings Limited have, in principle, come to a preliminary understanding in relation to the sale and purchase of the entire issued share capital of Fullmark Management Limited ("Fullmark"), a company incorporated in the British Virgin Islands.

On 14 June 2010, a wholly-owned subsidiary of the Company and Expertone entered into a conditional agreement for the acquisition of the entire issued share capital of, and shareholder's loan to, Fullmark at an aggregate consideration of HK$180 million (which shall be satisfied as to HK$70 million in cash and as to HK$110 million by the allotment and issue, credited as fully paid, 407,407,407 consideration shares by the Company).

The principal assets of Fullmark are the InsureLink System and its indirect holding of approximately 24.99% equity interest in 東大保險代理股份有限公司 (Dongda Insurance Agency Company Limited), a company established in the People's Republic of China ("PRC"), which provides property and life insurance agency services. Pursuant to the purchase and sale agreement, if the consolidated audited net profit after tax of Fullmark (under the generally accepted accounting principles of the PRC) for the year ending 31 December 2010 is less than RMB16.5 million, Expertone will pay the Group a compensation in accordance with the terms of the sale and purchase agreement.

Detailed terms of the acquisition are set out in the Company's announcement dated 14 June 2010. As at the date of this announcement, the agreement has not yet become unconditional and completion has not yet taken place.

Save for the abovementioned, as at 31 March 2010 and up to the date of this announcement, the Group did not have any other significant investments, material acquisitions or disposal of subsidiaries.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the proposed acquisition of Fullmark as disclosed above, as at 31 March 2010, the Group have no other known plans for material investments or capital assets.

SEGMENT INFORMATION

The Group is principally engaged in two business segments. The Group presents its segmental information based on the nature of the products and services provided.

For management purposes, the Group is currently organised into two operating divisions namely:

- systems development; and
- professional services.

For the year ended 31 March 2010, the turnover of the systems development accounts for 93.3% of the total turnover of the Group (2009: 97.9%).

For the year ended 31 March 2010, professional services amounts for 6.7% of the total turnover of the Group (2009: 2.1%).

Turnover generated from PRC represented over 90% of the total turnover of the Group for the year ended 31 March 2010 and 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2010, the Group had 4 and 186 (2009: a total of 211) employees in Hong Kong and PRC respectively including the executive directors of the Company. Total staff costs including directors' remuneration for the year under review amounted to approximately HK$21.2 million (2009: HK$22.3 million). The decrease was mainly due to a fall in the number of employees in the information technology sector in the PRC. The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees.

The Group had not made any changes to its remuneration policy and no bonuses were granted to any of its executive directors or employees for the year ended 31 March 2010.

The Company has conditionally adopted a new share option scheme on 22 October 2003 to replace the old share option scheme adopted on 26 August 2000. Pursuant to both schemes, the directors and employees of the Company and its subsidiaries may be granted options to subscribe for shares of the Company. During the year ended 31 March 2010, no option was granted under the share option scheme.

COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

(a) Capital commitments for the acquisition of motor vehicles

	2010	2009
	HK$'000	*HK$'000*
Contracted but not provided for	**4,809**	—

(b) Commitments under operating leases

The Group as lessee

The Group leases certain of its office premises under operating leases. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease when all terms are renegotiated.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due within one year of approximately HK$308,000 (2009: HK$296,000).

CONTINGENT LIABILITIES

(a) At 31 March 2010, the Group's bank deposits of approximately HK$1,106,000 (2009: HK$1,002,000) were pledged to two banks for bank guarantees of approximately HK$1,106,000 (2009: HK$1,002,000) issued to certain customers on the performance of contracts under systems development.

The directors of the Company consider that it is not probable that a claim will be made against the Group under any of the above bank guarantees.

(b) 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 the 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.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference in compliance with Rule 5.28 and 5.33 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). As at 31 March 2010, the Audit Committee comprised four independent non-executive Directors of the Company, one of them had the appropriate professional qualifications, accounting or related financial management expertise. The Audit Committee was chaired by Mr. Tang Sze Lok 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 of Directors 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 Audit Committee held four meetings in the financial year ended 31 March 2010. The attendance records of the Audit Committee meetings are set out below:

Name of member	**Attendance**
Mr. Tang Sze Lok *(Chairman)*	4/4
Professor Ip Ho Shing, Horace	4/4
Mr. Yan Yonghong	4/4
Mr. Peng Lijun	4/4

For the financial year ended 31 March 2010, the Audit Committee reviewed with senior management and the auditors of the Company their audit findings, the accounting principles and practices adopted by the Company, legal and regulatory compliance, and financial reporting matters (including the unaudited quarterly and interim results and audited consolidated financial statements for the year ended 31 March 2010).

The audited consolidated results of the Group for the year ended 31 March 2010 have been reviewed by the Audit Committee.

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

During the year ended 31 March 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

BOARD PRACTICES AND PROCEDURES

The Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2010.

The Company has received written confirmations in respect of independence from each of the independent non-executive Directors of the Company in compliance with Rule 5.09 of the GEM Listing Rules, and all the independent non-executive Directors are considered to be independent.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTION BY DIRECTORS

Having made specific enquiry of all Directors of the Company, during the year under review, the Directors have complied with the required standard of dealings regarding securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). The Company adopted the Required Standard of Dealings as the code of conduct regarding the securities transaction by the Directors of the Company.

AUDITOR

SHINEWING (HK) CPA Limited acted as auditor of the Company for the past three years.

A resolution to re-appoint SHINEWING (HK) CPA Limited will be put at the forthcoming annual general meeting.

On behalf of the Board
Wong Chung Wai Eric
Executive Director

Hong Kong, 29 June 2010

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. Luk Yat Hung *(Chairman)*
Ms. Li Wenli
Mr. Wong Chung Wai, Eric
Mr. Chan Yun Sang
Mr. Ng Chi Wing

Independent non-executive Directors:
Professor Ip Ho Shing, Horace
Mr. Yan Yonghong
Mr. Peng Lijun
Mr. Tang Sze Lok
Mr. Lee Kwok Yung

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