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 31ST MARCH 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED ("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.

*This announcement, for which the directors ("**Directors**") of Tai Shing International (Holdings) Limited ("**Company**", together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM ("**GEM Listing Rules**") for the purpose of given information with regard to the Company. The Directors, 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 purpose only*

RESULTS

The board of Directors ("**Board**") is pleased to present the audited consolidated financial information of the Group for the year ended 31st March 2012, together with the audited comparative figures for the corresponding year in 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Revenue	*4*	**80,902**	50,167
Cost of services		**(43,824)**	(39,184)
Gross profit		**37,078**	10,983
Other income and gains	*4*	**42,280**	13,960
Selling and distribution expenses		**(4,224)**	(6,628)
Administrative expenses		**(60,216)**	(51,866)
Other expenses	*5*	**(32,846)**	(12,821)
Finance costs	*6*	**(1,100)**	(1,049)
Share of (losses)/profits of associates		**(16)**	123
Loss before tax		**(19,044)**	(47,298)
Income tax expense	*8*	**(3,808)**	(252)
Loss for the year	*9*	**(22,852)**	(47,550)
Other comprehensive income for the year			
Exchange difference arising on translation of foreign operations		**880**	144
Total comprehensive expense for the year		**(21,972)**	(47,406)

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(22,790)**	(47,550)
Non-controlling interests		**(62)**	–
		(22,852)	(47,550)
Total comprehensive expense attributable to:			
Owners of the Company		**(21,962)**	(47,406)
Non-controlling interests		**(10)**	–
		(21,972)	(47,406)
Loss per share	*11*		
– Basic		**HK8.02 cents**	HK27.31 cents
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current Assets			
Plant and equipment		**4,165**	6,106
Intangible assets		**189,189**	143,543
Interests in associates		**45,973**	45,989
Available-for-sale investments		**25,600**	27,317
Deposits paid for acquisition of subsidiaries		**45,000**	–
Deposits paid for acquisition of intangible assets		**7,500**	18,500
		317,427	241,455
Current Assets			
Inventories		**14,390**	–
Trade and other receivables and prepayments	*12*	**76,251**	73,897
Amounts due from customers for contract work		**16,182**	16,332
Financial assets at fair value through profit or loss		**549**	570
Pledged bank deposits		**1,937**	2,724
Bank balances and cash		**23,855**	17,490
		133,164	111,013
Current Liabilities			
Amounts due to customers for contract work		**17,029**	12,095
Trade and other payables	*13*	**63,903**	32,114
Contingent consideration payable		**–**	35,000
Receipts in advance		**8,130**	5,724
Warranty provision		**31**	53
Amount due to a substantial shareholder		**17,147**	10,930
Income tax payable		**6,256**	3,711
Bank borrowings		**12,336**	11,954
Obligations under finance leases		**1,008**	961
		125,840	112,542
Net Current Assets/(Liabilities)		**7,324**	(1,529)
Total Assets less Current Liabilities		**324,751**	239,926

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Capital and Reserves			
Share capital		**15,847**	10,993
Share premium and reserves		**303,789**	225,536
Equity attributable to owners of the Company		**319,636**	236,529
Non-controlling interests		**2,683**	–
Total equity		**322,319**	236,529
Non-current Liabilities			
Obligations under finance leases		**2,432**	3,397
		324,751	239,926

NOTES

1. FUNCTIONAL CURRENCY

In prior years, the Company's functional currency was Hong Kong dollars ("HK$"). Due to the continuing expansion of the Group's business operations in the People's Republic of China ("PRC"), the directors have determined that the functional currency of the Company be changed from HK$ to Renminbi ("RMB") during the year. The directors have made an assessment of the impact of the change of the functional currency of the Company and concluded that there was no material effect on the results and financial position of the Group, comprising the Company and its subsidiaries.

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 ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in the Group's consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 7 (Amendments) and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[2]
HKFRS 19 (as revised in 2011)	Employee Benefits[4]
HKFRS 27 (as revised in 2011)	Separate Financial Statements[4]
HKFRS 28 (as revised in 2011)	Investment in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1st July 2011.
[2] Effective for annual periods beginning on or after 1st January 2012.
[3] Effective for annual periods beginning on or after 1st July 2012.
[4] Effective for annual periods beginning on or after 1st January 2013.
[5] Effective for annual periods beginning on or after 1st January 2014.
[6] Effective for annual periods beginning on or after 1st January 2015.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January 2015, with earlier application permitted.

The directors anticipate that the adoption of HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial year ending 31st March 2016 and that the application of this new Standard may have a significant impact on amounts reported in respect of the Group's financial assets.

New and revised standards on consolidation, joint arrangements, associates and disclosure

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation-Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK(SIC)-Int 13 "Jointly Controlled Entities-Non-monetary Contributions by Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint ventures and joint operations, depend on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1st January 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The directors anticipate that these standards will be adopted in the Group's consolidated financial statements for the year ending 31st March 2014.

However, the application of these standards may not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the year ending 31st March 2014 and the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the turnover of the Group, represents the amounts arising from systems development and professional services rendered, and software licensing, net of sales related taxes.

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

	2012	2011
	HK$'000	*HK$'000*
Revenue from provision of		
Systems development services	**51,814**	49,535
Professional services	**4,416**	632
Software licensing (Note a)	**24,672**	–
Turnover	**80,902**	50,167
Other income and gains		
Value added tax refunded (Note b)	**4,624**	6,942
Gain on change in fair value of financial assets at fair value through profit or loss ("FVTPL")	**25**	–
Gain on disposal of financial assets at FVTPL	**–**	91
Gain on change in fair value of contingent consideration payable (Note c)	**35,000**	–
Interest income	**59**	67
Reversal of impairment loss in respect of trade receivables	**1,906**	6,283
Reversal of impairment loss in respect of other receivables	**375**	421
Reversal of impairment loss in respect of retention receivables	**291**	77
Sundry income	**–**	79
	42,280	13,960
Total revenues	**123,182**	64,127

Notes:

a. A subsidiary of the Company, 鑫納福(上海)貿易有限公司 ("Fullmark Shanghai") entered into a cooperation agreement with a shareholder of the Group's associate (the "Contracting Party") in March 2010, pursuant to which (i) Fullmark Shanghai and the Contracting Party have agreed to jointly develop the Chinese version of the InsureLink System owned by the Group, (ii) Fullmark Shanghai shall licence the InsureLink System and provide related technical support services to the Contracting Party and the end-users of the InsureLink System; and (iii) Fullmark Shanghai and the Contracting Party shall jointly promote the licensing of the InsureLink System to other companies in the PRC. Pursuant to the cooperation agreement, Fullmark Shanghai shall be entitled to receive 75% of the revenue from such licensing business and the Contracting Party guaranteed that the revenue to be received by Fullmark Shanghai shall not be less than RMB20,000,000 per annum.

During the year, no revenue from the licensing business was derived by Fullmark Shanghai. The Contracting Party has agreed to contribute to Fullmark Shanghai the shortfall of the revenue of RMB20,000,000 (equivalent to HK$24,672,000) pursuant to the cooperation agreement, which has been recognised as revenue of the Group for the current year.

b. A tax concession was 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 value added tax refunded is included in other income and gains.

c. The contingent consideration payable represents the principal balance of HK$35,000,000 payable in connection with the acquisition of a subsidiary, Fullmark Management Limited. Under the acquisition agreement, the outstanding balance of the consideration of HK$35,000,000 is payable subject to the audited consolidated net profit after tax (based on the generally accepted accounting principles in the PRC) of Fullmark Shanghai, for the year ended 31st December 2011 amounting to not less than RMB 16.5 million (the "Guaranteed Profit").

Having reviewed the financial information of Fullmark Shanghai, the directors of the Company are of the view that the consolidated net profit after tax of Fullmark Shanghai for the year ended 31st December 2011 is significantly below the Guaranteed Profit such that the Group is not obliged to settle the outstanding balance of the consideration. The decrease in fair value of the contingent consideration payable of HK$35,000,000 (2011: Nil) has been recognised in the statement of comprehensive income and included in other income and gains.

5. OTHER EXPENSES

	2012	2011
	HK$'000	*HK$'000*
Impairment loss recognised in respect of available-for-sale investments	**1,717**	–
Impairment loss recognised in respect of trade receivables	**21,147**	–
Impairment loss recognised in respect of other receivables	**9,960**	983
Loss on disposal of financial assets at FVTPL	**22**	11,762
Loss on change in fair value of financial assets at FVTPL	**–**	76
	32,846	12,821

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings repayable within one year	**878**	763
Finance cost on finance leases	**222**	286
	1,100	1,049

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" which 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.

For management purposes, the Group is currently organised into three operating divisions – systems development, professional services and insurance brokerage business.

Systems development	–	Provision of systems development, maintenance and installation as well as consulting service and software licensing.
Professional services	–	Provision of information technology engineering and technical support services.
Insurance brokerage business	–	Provision of insurance brokerage services.

(a) Segment revenues and results

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

	Year ended 31st March							
	Systems development		Professional services		Insurance brokerage business		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
TURNOVER								
Revenue from external customers	**76,486**	49,535	**4,416**	632	**–**	–	**80,902**	50,167
RESULT								
Segment results	**(30,125)**	4,412	**3,008**	320	**(2,367)**	–	**(29,484)**	4,732
Interest income							**59**	67
Unallocated income							**35,025**	170
Unallocated expenses							**(23,528)**	(51,341)
Finance costs							**(1,100)**	(1,049)
Share of (losses)/profits of associates							**(16)**	123
Loss before tax							**(19,044)**	(47,298)

There were no sales between the reportable segments for both of the years ended 31st March 2012 and 2011.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, central administration costs and directors' remunerations, finance costs, and share of results of associates. 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 31st March							
	Systems development		Professional services		Insurance brokerage business		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**254,982**	246,097	**1,514**	663	**33,100**	–	**289,596**	246,760
Unallocated corporate assets								
– Interests in associates							**45,973**	45,989
– Deposit paid for acquisition of intangible assets							**7,500**	–
– Deposit paid for acquisition of subsidiaries							**45,000**	–
– Financial asset at fair value through profit or loss							**549**	570
– Bank balances and cash							**23,855**	17,490
– Others							**38,118**	41,659
Total assets							**450,591**	352,468
LIABILITIES								
Segment liabilities	**52,880**	39,248	**3,333**	1,261	**–**	–	**56,213**	40,509
Unallocated corporate liabilities								
– Amount due to a substantial shareholder							**17,147**	10,930
– Contingent consideration payable on acquisition of a subsidiary							**–**	35,000
– Income tax payable							**6,256**	3,711
– Bank borrowings							**12,336**	11,954
– Obligations under finance leases							**3,440**	4,358
– Others							**32,880**	9,477
Total liabilities							**128,272**	115,939

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

- all major assets are allocated to reportable segments other than deposits paid for acquisition of intangible assets, deposits paid for acquisition of subsidiaries, 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 major liabilities are allocated to reportable segments other than amount due to a substantial shareholder, contingent consideration payable on acquisition of a subsidiary, income tax payable, bank borrowings and obligations under finance leases. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(c) Geographical information

For the two years ended 31st March 2012 and 2011, 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 31st March									
	Systems development		Professional services		Insurance brokerage business		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information										
Depreciation of plant and equipment	**592**	481	**–**	5	**–**	–	**1,688**	1,628	**2,280**	2,114
Amortisation of intangible assets	**17,023**	6,241	**–**	–	**2,240**	–	**–**	–	**19,263**	6,241
Impairment loss recognised in respect of trade receivables	**21,147**	–	**–**	–	**–**	–	**–**	–	**21,147**	–
Impairment loss recognised in respect of other receivables	**9,960**	983	**–**	–	**–**	–	**–**	–	**9,960**	983
Impairment loss recognised in respect of available-for-sale investments	**–**	–	**–**	–	**–**	–	**1,717**	–	**1,717**	–
Research and development expenditure	**20,737**	8,029	**–**	–	**–**	–	**1,750**	–	**22,487**	8,029
Loss on disposal of financial assets at fair value through profit or loss	**–**	–	**–**	–	**–**	–	**22**	11,671	**22**	11,671
Reversal of impairment loss in respect of trade receivables	**(1,906)**	(6,283)	**–**	–	**–**	–	**–**	–	**(1,906)**	(6,283)
Reversal of impairment loss in respect of retention receivables	**(375)**	(77)	**–**	–	**–**	–	**–**	–	**(375)**	(77)
Reversal of impairment loss recognised in respect of other receivables	**(291)**	(403)	**–**	–	**–**	–	**–**	(18)	**(291)**	(421)
Gain on change in fair value of contingent consideration payable	**–**	–	**–**	–	**–**	–	**(35,000)**	1,628	**(35,000)**	1,628
Additions to non-current assets *(Note)*	**35,080**	168,923	**–**	6	**29,864**	–	**–**	51,588	**64,944**	220,517

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	**2012** *HK$'000*	2011 *HK$'000*
Company A	System development	**24,672**	N/A*
Company B	System development	**N/A***	6,187
Company C	System development	**N/A***	N/A*

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

8. INCOME TAX EXPENSE

	2012 *HK$'000*	2011 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**(1,800)**	–
– PRC Enterprise Income Tax	**(2,008)**	(2,553)
	(3,808)	(2,553)
Over provision for PRC Enterprise Income Tax in prior year	**–**	2,301
	(3,808)	(252)

(i) Hong Kong Profits Tax for the current year is calculated at 16.5% on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax for the prior years has been made in the consolidated financial statements as the Group has no assessable profit for that year.

(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, a subsidiary established in the PRC was qualified as an advanced technology enterprise and was subject to a preferential Enterprise Income Tax rate of 15% which was effective for a period from 1st January 2008 to 31st December 2010. The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% starting from 1st January 2011.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2012	2011
	HK$'000	*HK$'000*
Staff costs		
Salaries and other benefits	**12,330**	17,968
Retirement benefits scheme contributions	**2,862**	3,946
Equity-settled share-based payments	**–**	14,450
	15,192	36,364
Auditor's remuneration	**560**	450
Amortisation of intangible assets	**19,263**	6,241
Depreciation of plant and equipment	**2,280**	2,114
Operating lease charges in respect of land and buildings	**1,515**	2,598
Research and development expenditure (Note below)	**22,487**	8,029

Note: Included in research and development expenditure is a deposit paid for acquisition of intangible assets in prior years amounted to HK$11,000,000 (2011: Nil).

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31st March 2012, nor has any dividend been proposed since the end of the reporting date (2011: Nil).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$22,790,000 (2011: HK$47,550,000) and the weighted average number of 284,003,452 (2011: 174,130,544) ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the consolidation of shares made during the current year.

As the Group sustained a loss for the year, diluted loss per share is not presented as the potential shares arising from the exercise of the Company's share options would decrease the loss for the year which is regarded as anti-dilutive.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**72,921**	44,709
Less: Impairment loss recognised in respect of trade receivables	**(37,710)**	(17,897)
	35,211	26,812
Retention receivables	**4,344**	7,167
Less: Impairment loss recognised in respect of retention receivables	**(1,201)**	(1,450)
	3,143	5,717
Prepayments, deposits and other receivables	**66,523**	59,761
Less: Impairment loss recognised in respect of other receivables	**(28,626)**	(18,393)
	37,897	41,368
	76,251	73,897

Notes:

(a) Trade receivables are due for settlement in accordance with the terms of the underlying agreements with the customers.

Impairment loss is recognised against trade receivables aged more than one year based on estimated irrecoverable amounts determined by reference to past default experience of customers.

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

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**15,264**	7,712
31-90 days	**11,133**	–
Over 90 days	**8,814**	19,100
	35,211	26,812

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**24,889**	15,890
Accrued expenses and other payables	**39,014**	16,224
	63,903	32,114

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

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**6,142**	11
31-90 days	**1,769**	654
Over 90 days	**16,978**	15,225
	24,889	15,890

The average credit period granted by the suppliers of the Group is 30-90 days (2011: 30-90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

For the year under review, the principal activities of Tai Shing International (Holdings) Limited ("**Company**") and its subsidiaries (collectively, the "**Group**") included (i) system development; (ii) professional services; and (iii) insurance brokerage business.

For the year under review, the Group recorded a consolidated turnover of approximately HK$80.9 million which represented an increase of approximately 61% as compared with that of the corresponding year.

For the year under review, the loss attributable to owners of the Company was approximately HK$22.8 million while the Group recorded a loss of HK$47.5 million during the year ended 31st March 2011.

BUSINESS OUTLOOK

It has been the Company's long term goal to maximize shareholders' value. In view of the intense market competition for the Group's existing business particularly for the security and surveillance division, the Group has been exploring business opportunities to expand its operations and enhance its earnings.

During the year under review, the Group has successfully completed two acquisitions.

As disclosed in the announcements of the Company dated 2nd September 2011, 5th September 2011 and 12th September 2011, the Group has successfully acquired the entire issued share capital of Joint Bridge Investments Limited, a company incorporated in the British Virgin Islands with limited liability (together with its subsidiaries, the "**Joint Bridge Group**"). 北京楷峰科技有限公司 (unofficial English translation being Beijing Kai Feng Technology Limited), being a member of the Joint Bridge Group, is principally engaged in the development and application of computer software and system integration and computer technology consultancy services. It was considered that the acquisition of the Joint Bridge Group was in line with the Group's principal business activities and is expected to contribute additional income to the Group.

Furthermore, as disclosed in the announcements of the Company dated 23rd May 2011, 24th June 2011 and 15th July 2011, the Company has successfully acquired 51% of the equity interest of 上海景福保險經紀有限公司 (unofficial English translation being Shanghai Jingfu Insurance Brokerage Company Limited) (formerly known as 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited)) ("**Shanghai Jingfu**"), a limited liability company established in the People's Republic of China ("**PRC**"). In view of the increasing recognition of the importance of risk management and the rising demand for insurance in the PRC, it was considered that the acquisition has provided an opportunity for the Group to participate in the insurance market in the PRC and could further enhance the investment portfolio and future earnings of the Group.

In respect of the possible acquisitions as disclosed in the previous financial year ended 31st March 2011, during the financial year under review, as mentioned above, the Company has successfully acquired 51% of the equity interest of Shanghai Jingfu, while the possible acquisition of Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability ("**Gold Depot Acquisition**") and the possible acquisition of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability ("**Fame Thrive Acquisition**"), are still under negotiations between the Company and the respective potential vendors. Please refer to (i) the announcements of the Company dated 20th April 2011, 17th May 2011, 17th October 2011 and 30th December 2011; and (ii) the announcements of the Company dated 30th December 2010, 6th May 2011, 30th June 2011, 30th December 2011, 6th March 2012 and 31st May 2012, for further details of the Gold Depot Acquisition and the Fame Thrive Acquisition respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31st March 2012, the Group recorded a turnover of approximately HK$80.9 million (2011: HK$50.2 million), representing an increase of approximately 61% as compared with the turnover for the year ended 31st March 2011. As a result of improved income from services and new product sales, turnover was increased by 61% as compared to year ended 31st March 2011. Income and gains was further enhanced by the reduction of acquisition consideration in relation to Fullmark Management Limited.

However, such gains were largely offset by an increase of amortisation charge of approximately $19.3 million, up from $6.2 million in year ended 31st March 2011. The Group has also significantly increased its research and development initiatives. The Group recorded a loss attributable to owners of the Company amounted to approximately HK$22.8 million for the year under review (2011: HK$47.5 million).

The board of director expects the companies' financial performance to improve in the coming year ending 31st March 2013 due to increase in sales of existing product and completion of proposed acquisitions.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March 2012, the shareholders' funds of the Group amounted to approximately HK$322.3 million (2011: HK$236.5 million). Current assets amounted to approximately HK$133.2 million (2011: HK$111 million), of which approximately HK$23.9 million (2011: HK$17.5 million) were cash and cash equivalents. Current liabilities were approximately HK$125.8 million (2011: HK$112.5 million) mainly comprised of trade and other payables, amounts due to customers for contract work, amount due to a substantial shareholder and receipts in advance. Total borrowings of the Group as at 31st March 2012 were approximately HK$12.3 million (2011: 12 million) which were unsecured short-term bank loan with an effective interest rate of 7.872% (2011: 6.666%).

During the year ended 31st March 2012, a share consolidation in which every 10 ordinary shares of HK$0.005 each (each, a "**Pre-Share Consolidation Share**") in the then share capital of the Company was consolidated into one consolidated share of HK$0.05 each ("**Share Consolidation**") took place on 11th November 2011. All shares of the Company created as a result of the Share Consolidation ranked pari passu in all respects with each other, and the Company has made the following issue for cash of equity securities made otherwise than to the Company's shareholders in proportion to their shareholdings and which has not been specifically authorised by the Company's shareholders:

(i) Placing of new shares under general mandate on 18th May 2011

On 28th April 2011, the Company announced that it had entered into a placing agreement with Kingsway Financial Services Group Limited dated 27th April 2011 ("**April 2011 Placing Agreement**"). As disclosed in the announcement of the Company dated 28th April 2011, the placing under the April 2011 Placing Agreement represented an opportunity to enlarge the equity base. Completion of the Placing Agreement took place on 18th May 2011 and the Company has allotted and issued a total of 393,500,000 Pre-Share Consolidation Shares (equivalent to 39,350,000 ordinary Shares after the Share Consolidation) to not less than six placees at the price of HK$0.161 per Pre-Share Consolidation Share, represented a discount of approximately 6.94% to the closing price of HK$0.173 per Pre-Share Consolidation Share as quoted on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 17th May 2011. The net proceeds received by the Company from such placing amounted to approximately HK$61.2 million, which was intended to be used to finance future investments and/or for future business development and/or as general working capital. The net price of each Pre-Share Consolidation Share issued was approximately HK$0.156 and the aggregate nominal value of the Shares issued was HK$1,967,500. Approximately HK$25 million of the net proceeds have been utilized for payment of deposit for the acquisition of 51% equity interest in 上海景福保險經紀有限公司 (unofficial English translation being Shanghai Jingfu Insurance Brokerage Company Limited) (formerly known as 青島博達保險經紀有限公司 (unofficial English translation being Qingdao Boda Insurance Brokerage Company Limited)) ("**Shanghai Jingfu**"), the details of which are disclosed in the announcements of the Company dated 23rd May 2011, 24th June 2011 and 15th July 2011. The remaining net proceeds have been utilized as general working capital.

(ii) Placing of new shares under general mandate on 1st December 2011

On 23rd November 2011, the Company announced that it had entered into a placing agreement with Metro Capital Securities Limited dated 23rd November 2011 ("**November 2011 Placing Agreement**"). As disclosed in the announcement of the Company dated 23rd November 2011, the placing under the November 2011 Placing Agreement represented an opportunity to enlarge the equity base and the shareholders' base of the Company. Completion of the Placing took place on 1st December 2011 and the Company has allotted and issued a total of 12,820,000 Shares to not less than six placees at the price of HK$0.21 per Share, represented a premium of approximately 3.96% to the closing price of HK$0.202 per Share as quoted on the Stock Exchange on 30th November 2011. The net proceeds received by the Company from such placing amounted to approximately HK$2.39 million, which was intended to be used as general working capital. The net price of each Share issued was approximately HK$0.19 and the aggregate nominal value of the Shares issued was HK$2,435,800. All the net proceeds have been utilized as general working capital.

Further to the above, during the year under review, the Company announced on 18th January 2012 that it had entered into a placing agreement with Grand Vinco Capital Limited for the private placing of unlisted warrants ("**Warrants**") of the Company at an issue price of HK$0.02, each entitles the holder thereof to subscribe in cash for one Share at an initial subscription price of HK$0.19, subject to adjustment, at any time for a period of three years commencing from the date of allotment and issue of the Warrants. Pursuant to such placing agreement, as disclosed in the announcement of the Company dated 3rd April 2012, the Company has issued 57,380,000 Warrants conferring the right to the holders of such Warrants to subscribe for up to HK$10,902,200 in aggregate for Shares (i.e. up to 57,380,000 Shares) on 3rd April 2012 under the specific mandate obtained from the shareholders of the Company at the extraordinary general meeting held on 24th February 2012. As at the date of this report, none of the subscription rights attached to the Warrants have been exercised. The net proceeds received by the Company from such placing amounted to approximately HK$0.75 million and had been used as general working capital.

Save for the abovementioned, during the year under review, there were no 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 31st March 2012 was approximately 40.1% (2011: 49.0%).

FOREIGN CURRENCY EXPOSURE

During the year ended 31st March 2012, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars and Renminbi. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

NEW PRODUCTS AND SERVICES

By acquiring Joint Bridge Investments Limited, the Group has acquired new capabilities to provide a new range of software integration, computer consulting and system integration products and services.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE PERIOD UNDER REVIEW

There were no significant investments held by the Company during the year ended 31st March 2012.

During the period under review, the Company has completed the following material acquisitions:

(i) Acquisition of 51% of the registered capital of Shanghai Jingfu

On 24th June 2011, 鑫約福(上海)貿易有限公司(unofficial English translation being Fullmark (Shanghai) Trading Company Limited), a limited liability company established in the People's Republic of China ("**PRC**") and a wholly-owned subsidiary of the Company, and Fei Luxi (費露熙) entered into an agreement in relation to the acquisition of 51% of the registered capital of Shanghai Jingfu, a limited liability company established in the PRC.

The consideration for the acquisition of 51% of the registered capital of Shanghai Jingfu was HK$33,000,000, which has been satisfied by the Company as to HK$25,039,940.12 in cash and as to HK$7,960,059.88 by the allotment and issue of 49,196,909 new Pre-Shares Consolidation Shares (equivalent to 4,919,690 Shares after the Share Consolidation), credited as fully paid at HK$0.168 per Pre-Share Consolidation Share on 15th July 2011, represented a premium of 4.39% to the closing price of HK$0.155 per Pre-Share Consolidation Share as quoted on the Stock Exchange on 13th July 2012.

Shanghai Jingfu is a limited liability company established in the PRC on 14th July 2005. The principal business of Shanghai Jingfu is, among others, the provision of insurance brokerage service in Qingdao and its surrounding area.

Details of the above acquisition are disclosed in the announcements of the Company dated 23rd May 2011, 24th June 2011 and 15th July 2011.

(ii) Acquisition of the entire issued share capital of Joint Bridge Investments Limited ("Joint Bridge")

Pursuant to the sale and purchase agreement dated 2nd September 2011 entered into between the Company, Mr. Liang Zhuo Hui and Ms. Chen Nan, the Company has acquired the entire issued share capital of Joint Bridge, a company incorporated in the British Virgin Islands with limited liability, on 10th September 2011.

The consideration for the acquisition of the entire issued share capital of Joint Bridge was HK$40,000,000, which has been be satisfied by the allotment and issue of 400,000,000 new Pre-Share Consolidation Shares (equivalent to 40,000,000 Shares after the Share Consolidation) at an issue price of HK$0.10 per Pre-Share Consolidation Share, represented a 17.65% premium to the closing price of HK$0.085 per Pre-Share Consolidation Share as quoted on the Stock Exchange on 9th September 2011. Completion of such acquisition took place on 12th September 2011.

Joint Bridge is a limited liability company established in the British Virgin Islands, and the principal business activity of Joint Bridge is investment holding and the principal non-current asset of Joint Bridge is its 100% equity interest in Most Power Investment Limited ("**Most Power**"), a company incorporated in Hong Kong with limited liability. The principal business of Most Power is investment holding and the sole non-current asset of Most Power is its 100% equity interest in 北京楷峰科技有限公司 (unofficial English translation being Beijing Kai Feng Technology Limited), a limited liability company established in the PRC) ("**Beijing Kai Feng**"). The principal businesses of Beijing Kai Feng include development and application of computer software, development application of computer hardware and system integration, computer technology consultancy services and technology transfer.

Details of the above acquisition are disclosed in the announcements of the Company dated 2nd September 2011, 5th September 2011 and 12th September 2011.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

After the year ended 31st March 2012, the Group may undertake the following investments or acquisitions:

(i) Possible acquisition of the entire issued share capital of Fame Thrive Limited

On 30th December 2010, the Company and an independent third party entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Fame Thrive Limited, a company incorporated in the British Virgin Islands with limited liability. Pursuant to the memorandum of understanding, Fame Thrive Limited will implement a reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into a co-operation arrangement with 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited), a company established in the PRC . 東大保險經紀有限責任公司 (unofficial English translation being Dongda Insurance Brokerage Company Limited) provides property and life insurance professional insurance brokers services (such as engineering insurance, cargo transportation insurance, liability insurance and group life insurance) and reinsurance brokers service.

Subsequently on 6th May 2011, the Company entered into an addendum to the memorandum of understanding with the prospective seller to provide for the payment of HK$20,000,000 to the prospective seller as an interest-free refundable earnest money for the possible acquisition of the entire issued share capital of Fame Thrive Limited and as part payment of the consideration if the formal acquisition agreement is entered into between the Company and the prospective seller. The earnest money was paid by the Company to the prospective seller upon signing of the addendum.

Pursuant to the addenda entered into between the prospective seller and the Company on 30th June 2011, 30th December 2011, 29th February 2012 and 31st May 2012, the exclusivity period in which the prospective seller shall not, whether by herself or through other third parties, discuss with any other third parties in relation to the possible acquisition has been, up to the date of this annual report, extended to 31st July 2012.

The final consideration for the possible acquisition has not yet been determined but is expected to be not less than HK$150 million, and may be satisfied by the Company (or its nominee) to the prospective seller (i) in cash; (ii) by issuing of new Shares; (iii) by issuing convertible notes by the Company; or (iv) a combination of any of the above (i), (ii) and/or (iii), or such any other forms of payment to be agreed by the prospective seller and the Company in the formal acquisition agreement.

Details of the above possible acquisition are disclosed in the announcements of the Company dated 30th December 2010, 6th May 2011, 30th June 2011, 30th December 2011, 6th March 2012 and 31st May 2012.

(ii) Possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited

On 20th April 2011, the Company and Gold Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability, entered into the memorandum of broad terms in relation to the proposed acquisition of not less than 50% of the entire issued share capital of the Gold Depot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, in which the Company understood that Gold Depot Investments Limited directly or indirectly owns an exploration right and a mining right of a gold mine located in Guizhou, the PRC.

Subsequently on 17th May 2011, the Company and Gold Tycoon Limited entered into the addendum to the memorandum of broad terms to provide for the payment of HK$25,000,000 to Gold Tycoon Limited as an interest-free refundable earnest money for the possible acquisition of not less than 50% of the entire issued share capital of Gold Depot Investments Limited and as part payment of the consideration if the definitive agreement is entered into between the Company (or its nominee) and Gold Tycoon Limited. The earnest money was paid by the Company to Gold Tycoon Limited upon signing of the addendum.

Pursuant to the addenda entered into between the Company and Gold Tycoon Limited on 17th October 2011, 30th December 2011 and 29th June 2012, the exclusivity period in which Gold Tycoon Limited shall not, among other things, directly or indirectly, discuss or negotiate with any other party for the purpose of frustrating or impeding the furtherance of the transaction contemplated under the memorandum of broad terms has been, up to the date of this annual report, extended to 30th September 2012.

The final consideration of the above possible acquisition has not yet been determined and may be satisfied by the Group (i) in cash; (ii) by issue of new Shares; (iii) by issuing convertible note by the Company; and/or (iv) a combination of any of the above (i), (ii) and/or (iii).

Details of the above possible acquisition are disclosed in the announcements of the Company dated 20th April 2011, 17th May 2011, 7th October 2011 and 30th December 2011.

In the event that any of the possible/proposed acquisitions are not proceeded with, the earnest money paid by the Group will be refunded by the relevant vendors.

SEGMENT INFORMATION

During the period under review, the Group is principally engaged in three business segments. The Group presents its segmental information based on the nature of the products and services provided.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

The Group reports its business into three business segments namely:

- systems development;
- professional services; and
- insurance brokerage business.

Turnover generated from the PRC represented over 90% of the total turnover of the Group for the year ended 31st March 2012 and 2011.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st March 2012, the Group had 21 and 76 (2011: 19 and 109) employees in Hong Kong and the PRC respectively, which included the Directors. Total staff costs including Directors' remuneration for the year under review amounted to approximately HK$15.2 million (2011: HK$36.4 million).

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend.

The Group has 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 31st March 2012.

The Company adopted a share option scheme on 22nd October 2003 ("**Share Option Scheme**"). Pursuant to the Share Option Scheme, the Directors and employees of the Group may be granted options to subscribe for shares of the Company. At the annual general meeting of the Company held on 24th

August 2011, the then limit of the total number of shares of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme has been refreshed. During the year ended 31st March 2012, no option was granted under the Share Option Scheme.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

(a) At 31st March 2012, the Group's bank deposits of approximately HK$1,937,000 (2011: HK$2,724,000) were pledged to two banks for bank guarantees of approximately HK$1,937,000 (2011: HK$2,724,000) 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 12th March 2012 a High court Action No.1861 of 2011 was commenced by Joint China Value Investment Fund Limited (the "Plaintiffs") against the Company for a dishonoured cheque in the amount of HK$16,500,000 issued by the Company. The Company has contested the case vigorously. Having sought legal advices, the directors believe that the Company has a strong defence against the allegation and the legal action would not result in a material loss to the Group, accordingly no provision for liabilities in this respect has been made in the consolidated financial statements.

(c) 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 action has been dormant since the end of 2008. The directors of the Company believe that the Company has a strong defence in this action accordingly, no provision for liabilities in this respect has been made in the consolidated financial statements.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules and the Code.

The audit committee of the Company 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 audit committee of the Company held four meetings during the financial year ended 31st March 2012.

For the financial year ended 31st March 2012, the audit committee of the Company 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 31st March 2012).

The audited consolidated results of the Group for the year ended 31st March 2012 have been reviewed by the audit committee of the Company.

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

During the year ended 31st March 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices ("**Code**") contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31st March 2012.

Pursuant to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year under review, the role of chief executive officer was assumed by Mr. Wong Chung Wai, Eric, who was an executive Director and the chairman of the Board until 6th January 2012, and presently assumed by Mr. Chan Yun Sang, who is an executive Director and chairman of the Board. The Board is presently identifying a suitable candidate to be appointed as the chief executive officer and will make further announcement upon its appointment.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions in securities of the Company by the Directors.

Having made specified enquiry with the Directors, save as disclosed below, all the Directors confirmed that they had complied with the required standard of dealings for the year ended 31st March 2012.

AUDITOR

SHINEWING (HK) CPA Limited acted as the independent auditor of the Company for the year ended 31st March, 2010.

CCTH CPA Limited was appointed and acted as the independent auditor of the company for both of the years ended 31st March, 2011 and 31st March, 2012.

A resolution will be proposed to re-appoint CCTH CPA Limited as the auditors of the Company at the forthcoming annual general meeting.

By order of the Board
Tai Shing International (Holdings) Limited
Chan Yun Sang
Chairman and executive Director

Hong Kong, 29 June 2012

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

Executive Directors:
Mr. Chan Yun Sang *(Chairman)*
Mr. Han Fangfa
Ms. Ju Lijun
Mr. Liu Bo
Ms. Huang Miaochan
Mr. Ip Ho Ming
Ms. Wong Sau Wai Serena

Non-executive Director:
Dr. Pan Jin

Independent non-executive Directors:
Mr. Tang Sze Lok
Mr. Xu Jingbin
Ms. Hu Yun

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication.