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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)

RESCISSION AGREEMENT IN RESPECT OF THE ACQUISITION OF 13% EQUITY INTEREST IN THE TARGET COMPANY AND DISCLOSEABLE TRANSACTION IN RESPECT OF THE DISPOSAL OF 6% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcements issued by the Company dated 6 October 2015 and 12 October 2015.

RESCISSION OF THE ACQUISITION OF 13% EQUITY INTEREST IN THE TARGET COMPANY

On 20 January 2016 (after trading hours), Sage Choice entered into a rescission agreement with Sharp Aim in relation to the rescission of the sale and purchase of the 13 shares in the share capital of the Target Company (representing 13% of the entire issued shares of the Target Company) under the Acquisition Agreement (as defined below).

DISPOSAL OF 6% EQUITY INTEREST IN THE TARGET COMPANY

On 20 January 2016 (after trading hours), Sage Choice entered into the Sale and Purchase Agreement with Sharp Aim pursuant to which Sage Choice has agreed to sell and Sharp Aim has agreed to acquire the Sale Shares (representing 6% of the entire issued shares of the Target Company) at the consideration of HK\$5,600,000.

The Target Group is principally engaged in the provision of hardware and software development related to automobile in Hong Kong, PRC, Macau and Taiwan.

* For identification purpose only

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules is greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement under the GEM Listing Rules.

Pursuant to the acquisition agreement (the "Acquisition Agreement") announced on 6 October 2015 and completed on 12 October 2015, Sage Choice acquired a total of 19 shares in the Target Company. The consideration in the amount of HK\$5,472,000 has been paid to New Jersey Inc. (being the seller of 6 out of the 19 shares in the Target Company under the Acquisition Agreement). On the other hand, Sage Choice has not paid the consideration of HK\$11,856,000 or any part thereof to Sharp Aim (being the seller of 13 out of the 19 shares in the Target Company under the Acquisition Agreement), and instead has agreed with Sharp Aim to extend the time of payment of such sum to 31 March 2016.

According to a recent update from the management of the Target Company, due to various sales, marketing and operational issues, the performance of the Target Company has been affected and the outlook is not as rosy as before. In light of this and the latest financial information received from the Target Company, the Company was concerned and took the following actions in order to protect the interest of the Company and its shareholders. The Company (through Sage Choice) requested (i) New Jersey Inc. to repurchase 6 shares in the Target Company, and (ii) Sharp Aim to unwind and rescind the sales and purchase of 13 shares under the Acquisition Agreement. Sage Choice did not receive any reply from New Jersey Inc. Sharp Aim, on the other hand, was willing to accept the Company's request, and had, in addition, offered to purchase the 6 shares in the Target Company which Sage Choice originally acquired from New Jersey Inc. Upon further negotiations, the Rescission Agreement and the Sale and Purchases Agreement were entered into as detailed below.

THE RESCISSION AGREEMENT OF THE ACQUISITION OF 13% EQUITY INTEREST IN THE TARGET COMPANY

On 20 January 2016 (after trading hours), Sage Choice entered into a rescission agreement with Sharp Aim in relation to the rescission of the sale and purchase of the 13 shares in the share capital of the Target Company (representing 13% of the entire issued shares of the Target Company) under the Acquisition Agreement.

Pursuant to the terms and conditions of the Rescission Agreement:

- (a) Sage Choice and Sharp Aim irrevocably and unconditionally agree to rescind the sale and purchase of the Rescission Shares and any other transactions incidental under the Acquisition Agreement as if the sale and purchase of the Rescission Shares has never taken place;

- (b) Upon the date of execution of the Rescission Agreement, Sage Choice shall return and transfer to Sharp Aim, and Sharp Aim shall take up, the Rescission Shares free from any encumbrances and Sage Choice shall return any share certificate in respect of the Rescission Shares to Sharp Aim for cancellation; and
- (c) The sale and purchase of the Rescission Shares and any other transactions incidental under the Acquisition Agreement be and are rescinded and neither Sage Choice nor Sharp Aim shall have any further rights or claims against, or obligations to, the other party in respect (including but not limited to claims for payment of consideration of the Rescission Shares, costs, damages, compensations, fees or otherwise), and each party fully and effectually forever releases and discharges absolutely the other party from all duties, obligations, claims, liabilities, costs and expenses arising out of or in respect of the Acquisition Agreement (including but not limited to claims for payment of consideration of the Rescission Shares, costs, damages, compensations, fees or otherwise).

THE SALE AND PURCHASE AGREEMENT

On 20 January 2016 (after trading hours), Sage Choice entered into the Sale and Purchase Agreement with Sharp Aim in relation to the Disposal of the Sale Shares. Major terms of the Sale and Purchase Agreement are set out as below:

Date: 20 January 2016 (after trading hours)

Vendor: Sage Choice Inc., a company incorporated in the Republic of Vanuatu with limited liability and a wholly-owned subsidiary of the Company

Purchaser: Sharp Aim Limited, a company incorporated in the Republic of Vanuatu with limited liability and principally engaged in investment holding

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Sharp Aim is an independent third party and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, Sage Choice has agreed to sell and Sharp Aim has agreed to acquire the Sale Shares free from all encumbrances and upon the terms and conditions set out in the Sale and Purchase Agreement.

The Sale Shares involve 6 ordinary shares of US\$1.00 each of the Target Company, representing 6% of the existing issued share capital of the Target Company. As at the date of this announcement, the principal assets of the Target Company is the equity interest in its subsidiaries, which engaged in the provision of hardware and software development related to automobile in Hong Kong, PRC, Macau and Taiwan.

Upon completion of the Disposal, the Target Company will cease to be the Company's available-for-sale investment and the Company will no longer have any interest in the Target Company.

Consideration

The Consideration for the Disposal of the Sale Shares of the Target Company shall be HK\$5,600,000, which shall be paid by Sharp Aim to the Company in full by cheque or cashier order at Completion.

The Consideration was determined after arm's length negotiation between Sage Choice and Sharp Aim after having taken into account, amongst other things, the cost of acquisition of the Sale Shares.

Completion

Completion shall take place on or before 31 January 2016 (or such date as agreed between Sage Choice and Sharp Aim).

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, the Group is expected to record a gain of approximately HK\$128,000 (subject to audit), which is calculated on the basis of the consideration for the Disposal, the carrying value of the assets in the accounts and the expenses incurred in connection with the Disposal.

The net proceeds from the Disposal will be used by the Group for expansion of its existing businesses and general working capital purposes.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the Republic of Vanuatu with limited liability and is authorised to issue a maximum of 100,000 ordinary shares of US\$1 each, of which 100 ordinary shares have been issued and fully paid-up. The Target Company is an investment holding company and its major assets are the equity interest in its subsidiaries.

Acting through its wholly owned subsidiary – Zuver Tuning Limited, the Target Company is principally engaged in offering a wide range of automobile parts under its own brand "ZUVER" such as suspension system, brake caliper system, alloy wheels, air intake system, air exhaust system, tire pressure sensor, automotive performance software and hardware and fuel saving device. Products are currently offered at auto parts shops located in Hong Kong, Macau, Taiwan and PRC. In addition to offering high quality products, the Target Company also develops smartphone application for drivers.

Sage Choice is the registered and sole beneficial owner of the Sale Shares of the Target Company as at the date of the Sale and Purchase Agreement.

FINANCIAL INFORMATION OF THE TARGET COMPANY

The unaudited book value of the assets which are the subject of the Disposal as at 31 December 2015 was HK\$5,472,000. Set out below is a summary of the financial performance of the Target Group for the two years ended 31 December 2015 and 31 December 2014 based on its unaudited management accounts:

	UNAUDITED	
	For the year ended 31 December 2015	For the year ended 31 December 2014
	HK\$	HK\$
Net profit/(loss) before taxation	1,296,787	(544,210)
Net profit/(loss) after taxation	1,296,787	(544,210)

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE RESCISSION

The Group is principally engaged in system development, professional services, money lending business and proprietary trading business.

In light of the recent performance and latest financial information on the Target Company as described above, the Directors consider the Disposal and the Rescission (i) provides the Company with a good opportunity to receive a reasonable amount as the sales proceeds; and (ii) enables the Group to focus its resources in other business opportunities that could provide a higher return on investment to the Shareholders. The Directors believe the Disposal and the Rescission is in the best interests of the Company and the Shareholders as a whole. In addition, the Directors consider that the terms of the Sale and Purchase Agreement and the Rescission Agreement are on normal commercial terms and are fair and reasonable and the Disposal and the Rescission is in the interests of the Company and the Shareholders as a whole.

The Group will continue to maintain its strategy to broaden its perspective within/beyond IT sector and potentially also invest into and/or make acquisition in other industries (includes renewable energy and other “green” businesses, the financial industry, and more traditional non-IT business) so long as such investments can bring value and are beneficial to the Company and its Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated in accordance with the GEM Listing Rules is greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements but is exempted from shareholders’ approval requirement under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following meaning when used herein:

“Board”	the board of Directors
“Company”	Tai Shing International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares are listed on the GEM Board of the Stock Exchange (stock code: 8103)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	HK\$5,600,000, being the consideration of the sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of Sale Shares by Sage Choice to Sharp Aim as contemplated under the Sale and Purchase Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Rescission”	the proposed rescission of the sale and purchase of Rescission Shares in relation to the sale and purchase of the 13 shares in the share capital of the Target Company under the sale and purchase agreement dated 6 October 2015
“Rescission Agreement”	the agreement dated 20 January 2016 entered into between Sage Choice and Sharp Aim in relation to the Rescission
“Rescission Shares”	13 shares in the share capital of the Target Company in the name of and beneficially owned by Sage Choice, representing 13% of the entire issued shares of the Target Company

“Sage Choice”	Sage Choice Inc., a company incorporated in the Republic of Vanuatu with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the agreement dated 20 January 2016 entered into between Sage Choice and Sharp Aim in relation to the Disposal
“Sale Shares”	6 shares in the share capital of the Target Company in the name of and beneficially owned by Sage Choice, representing 6% of the entire issued shares of the Target Company
“Sharp Aim”	Sharp Aim Limited, a company incorporated in the Republic of Vanuatu with limited liability, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Sharp Aim is an independent third party and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Shareholder(s)”	holder(s) of the share(s) of HK\$1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Galaxy Automotive MS Inc., a company incorporated in the Republic of Vanuatu with limited liability
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

By Order of the Board of
Tai Shing International (Holdings) Limited
Tam Kwok Leung
Executive Director

Hong Kong, 20 January 2016

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

Executive Directors:

Dr. Chew Chee Wah (*Chairman*)

Mr. Tam Kwok Leung (*Chief Executive Officer*)

Ms. Ju Lijun

Mr. Zhang Jinshu

Mr. Luk Chi Shing

Mr. Lau, Kelly

Independent non-executive Directors:

Dr. Wan Ho Yuen, Terence

Mr. Koh Kwing Chang

Mr. Lui Wai Ming

Mr. Lai Chi Leung

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving 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 announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its publication and is available for reference on the website of the Company at www.equitynet.com.hk/8103/.