

**TSUN YIP HOLDINGS LTD:  
THERE IS MORE TO THIS FLOTATION THAN MEETS THE EYE**

With no debts of any materiality and with a Placing of only 24.80 million shares, the Company, hoping to reap about \$HK21 million, net of expenses, Tsun Yip Holdings Ltd () (Code: 8356, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) is the latest company to tap the (speculative) equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Company issued its Placing Prospectus, last Friday (August 20, 2010), in the expectation of having the shares traded on Monday, August 30, 2010.

The 24.80 million, one-cent Shares are being Placed at \$HK1.28 per Share.

Management has stated, at Page 125 of the Placing Prospectus, that it will utilise the expected \$HK21 million as follows:

1. About \$HK6.50 million to buy some new equipment;
2. About \$HK5.40 million to recruit some new staff;
3. Exactly \$HK4.04 million to repay that which is owed to Mr Kan Kwok Cheung (), the Founder and Chairman of the Company;
4. Exactly \$HK3.06 million to retire some finance leases; and,
5. Exactly \$HK2.00 million to be tipped into the General Working Capital Account.

The business of Tsun Yip Holdings Ltd is explained as being a group of companies, 'engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector in Hong Kong ...'.

Page 76 of the Placing Prospectus, then goes on to state:

*'During the Track Record Period, the Group generated a substantial part of its revenue from carrying out waterworks engineering services and road works and drainage services in the capacity of a subcontractor. For each of the two years ended 31 March 2009 and 2010, revenue generated from contracts in which the Group acted as a subcontractor represented approximately 73.9% and approximately 88.5% of the Group's total revenue respectively. Revenue generated from the Group providing services in the capacity of a main contractor only accounted for a lesser part of the Group's total revenue, representing approximately 26.1% and approximately 11.5% of the Group's total revenue during the Track Record Period.'*

Tsun Yip Holdings Ltd is 21 years old, according to Page 70 of the Placing Prospectus.

It was founded by the Current Chairman, Mr Kan Kwok Cheung, through Tsun Yip Construction Company

() (TYC), a sole proprietorship, the forerunner of Tsun Yip Holdings Ltd.

In February 1996, one is told that Tsun Yip Waterworks Construction Company Ltd () was founded by Mr Kan Kwok Cheung and an independent third party and this company was admitted by the Hongkong Government as a Group A contractor (on probation).

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