

**TOP SPRING INTERNATIONAL HOLDINGS LTD:
THIS IS UNLIKELY TO BE A WISE INVESTMENT**

... Or, Even, A Reasonable Gamble

The paternal dictatorship of the People's Republic of China (PRC) is determined to fight the high inflationary levels, ravaging the country, as well as making it quite possible for a large number of people in the country to own their own homes.

The first priority, today, however, is fighting inflation and, to this end, the licenced banks of the country have, over the past year or so, been ordered to increase reserve requirements.

This has the immediate effect of reducing the amount of money that the banks are permitted, by law, to lend to its customers.

Other recent determinations, ordered by the Government of the PRC, include, inter alia, moves to try to cool the property markets of the country by:

- Tightening the lending requirements for property developers;
- Limiting monthly mortgage payments to 50 percent of an individual borrower's monthly income;
- Requiring that at least 70 percent of the total Gross Floor Area of the land supply be approved by the local government for residential property developments;
- Increasing the minimum down payment on a principle residence of an individual/family to 30 percent of the purchase price;
- Discouraging property speculation in the country;
- For commercial property acquisitions, banks must require the minimum down payment to be not less than 50 percent of the purchase price; and,
- Restricting aliens, temporarily resident in the country, from buying properties.

All of the above and more are spelled out in the Global Offering Prospectus of Top Spring International Holdings Ltd () (Code: 3688, Main Board, The Stock Exchange of Hongkong Ltd).

Top Spring International Holdings Ltd pitched its story in its Global Offering Prospectus of March 11, 2011, when it Offered a total of 250 million, 10-cent Shares at the Offer Price Range of between \$HK6.23 per Share and \$HK8.10 per Share.

The business of this Company is property development in the PRC, proper, being separate and distinct from the Hongkong Special Administrative Region (HKSAR) of the PRC.

Top Spring International Holdings Ltd specialises in property development in the Yangtze River Delta and the Pearl River Delta.

The Company guarantees mortgage loans of its prospective buyers and it is, therefore, liable to the banks, affording mortgages to property buyers, should there be any defaulters.

As at September 30, 2010, outstanding guarantees to customers of this Company stood at about \$HK2.87 billion.

Management commented on this prospective liability in the Global Offering Prospectus as follows:

‘Should any material default occur and if we (the Company) are called upon to honour our guarantees, our financial condition and results of operations will be adversely affected.’

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