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TSUN YIP HOLDINGS LIMITED

進業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8356)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



英皇證券(香港)有限公司
Emperor Securities Limited

PLACING OF NEW SHARES

On 8 July 2011 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 198,400,000 new Shares to not less than six Places at a price of HK\$0.173 per Placing Share.

The maximum of 198,400,000 Placing Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 198,400,000 Placing Shares.

The Placing Price represents (i) a discount of approximately 18.40% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on 8 July 2011, being the date of the Placing Agreement; and (ii) a discount of approximately 19.23% to the average closing price of HK\$0.214 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement.

The aggregate gross proceeds from the Placing will be approximately HK\$34.32 million. The Company intends to use the net proceeds of approximately HK\$33.30 million from the Placing for the Group's general working capital and further business development.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

8 July 2011

Issuer

The Company

Placing Agent

Emperor Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors and not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial Shareholder as a result of the Placing.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 198,400,000 Placing Shares at the Placing Price. The maximum of 198,400,000 Placing Shares represent (i) 20.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 198,400,000 Placing Shares. The aggregate nominal value of the maximum number of 198,400,000 Placing Shares is HK\$198,400.

Placing Price

The Placing Price of HK\$0.173 per share represents (i) a discount of approximately 18.40% to the closing price of HK\$0.212 per Share as quoted on the Stock Exchange on 8 July 2011, being the date of the Placing Agreement; and (ii) a discount of approximately 19.23% to the average closing price

of HK\$0.214 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and placing commission) are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Condition to the Placing Agreement

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

The Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 29 July 2011 or such date mutually agreed by both the Company and the Placing Agent and in such event either party shall have no claim against each other, save for those expressly reserved and agreed in the Placing Agreement.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing Agreement, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (c) any significant change in market conditions or combination of circumstances in Hong Kong

(including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (e) any adverse change in the business, financial or trading position of any member of the Group which is material to the Placing; or
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group or will otherwise likely to have a material prejudicial effect on the Placing.

Completion

Completion of the Placing shall take place not later than the second Business Day after all the conditions as set out in the Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.

Placing commission

The Placing Agent shall receive a placing commission of 2.50% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the market rate.

General Mandate

The maximum of 198,400,000 Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 198,400,000 Shares. The maximum of 198,400,000 Placing Shares to be allotted and issued will fully utilize the General Mandate.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 198,400,000 Placing Shares are

successfully placed by the Placing Agent.

	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	%	Number of Shares	%
Shunleetat (Note 1)	409,200,000	41.250	409,200,000	34.38
Chuwei (Note 2)	163,680,000	16.500	163,680,000	13.75
Purplelight (Note 3)	78,120,000	7.875	78,120,000	6.56
Lotawater (Note 3)	93,000,000	9.375	93,000,000	7.81
The Placees (Note 4)	-	-	198,400,000	16.67
Other public Shareholders	248,000,000	25.000	248,000,000	20.83
Total	992,000,000	100.000	1,190,400,000	100.00

Notes:

- 1 Mr. Kan, an executive Director and the Chairman of the Board, is the sole beneficial owner of Shunleetat which is interested in 409,200,000 Shares as at the date of this announcement.
- 2 Upon completion of the Placing and as at the date of this announcement, Mr. Cheng through his interest in Chuwei, is interested in 163,680,000 Shares.
3. Upon completion of the Placing and as at the date of this announcement, Mr. Chia through his interests in Lotawater and Purplelight respectively, is interested in an aggregate of 171,120,000 Shares.
4. Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of listing	Capital raising activity	Net proceeds raised (approximately)		Proposed use of the net proceeds for the year ended 31 March 2013	Actual use of proceed for the year ended 31 March 2011	Actual use of proceed up to 30 June 2011
				(HK\$ million)	(HK\$ million)	(HK\$ million)
30 August 2010	Listing by way of placing on GEM	HK\$21.0 million	1) Expansion of business scale	9.50	4.88	6.98
			2) Further enhancement in work quality	1.00	0.20	0.30
			3) Strengthening of safety team	1.40	0.28	0.42
			4) Repayment of Shareholder's loan	4.04	4.04	4.04
			5) Repayment of finance leases	3.06	1.70	2.00
			Total	19.00	11.10	13.74
				(Note)		

Note:

The balance of approximately HK\$2.0 million will be used for general working capital of the Company.

As of 30 June 2011, the Company had approximately HK\$7.26 million unutilized proceeds from the listing on GEM.

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in the provision of waterworks engineering services, road works and drainage services and site formation works for the public sector.

The Directors are of the view that the Placing will strengthen the financial position of the Group, including its ability to meet any future obligations. The Directors consider that the terms of the Placing, including the rate of the placing commission, are fair and reasonable based on the current market conditions. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing will be approximately HK\$34.32 million. The net proceeds from the Placing, after the deduction of the placing commissions and other related expense, are estimated to be approximately HK\$33.30 million. The Company intends to use the net proceeds from the Placing for the purpose of its general working capital and further business development. As at the date of this announcement, the Company did not have any specific development and investment plans. The net Placing price will be approximately HK\$0.168 per Share.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associates”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Chuwei”	Chuwei (BVI) Limited, a Substantial Shareholder and a company incorporated in the BVI which is wholly and beneficially owned by Mr. Cheng
“Company”	Tsun Yip Holdings Limited, a company incorporated under the laws of Cayman Islands with limited liability and the Shares of which are listed on GEM
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this announcement, means the controlling shareholders of the Company, namely Shunleetat and Mr. Kan
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an written resolution passed by all Shareholders on 11 August 2010 as set out in the Appendix V to the Prospectus to issue and allot up to 198,400,000 new Shares, representing 20.00% of the aggregate nominal amount of the share capital of the Company in issue immediately following listing
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lotawater”	Lotawater (BVI) Limited, a company incorporated in the BVI which is wholly and beneficially owned by Mr. Chia

“Mr. Cheng”	Mr. Cheng Ka Ming, Martin, an executive Director and a Substantial Shareholder
“Mr. Chia”	Mr. Chia Thien Loong, Eric John , an executive Director and a Substantial Shareholder
“Mr. Kan”	Mr. Kan Kwok Cheung, the founder of the Group, the chairman of the Board, an executive Director and a Controlling Shareholder
“Placee(s)”	any independent institutional, professional and/or individual investors who and whose ultimate beneficial owners are not concert parties with the controlling Shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the best effort placing of up to 198,400,000 Placing Shares
“Placing Agent”	Emperor Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 8 July 2011 in respect of the Placing
“Placing Price”	HK\$0.173 per Placing Share
“Placing Shares”	a maximum of 198,400,000 Shares to be issued under the Placing
“Prospectus”	The prospectus dated 20 August 2010 in relation to the listing on GEM by way of placing of Shares
“Purplelight”	Purplelight (BVI) Limited, a company incorporated in the BVI which is wholly and beneficially owned by Mr. Chia
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Shunleetat”	Shunleetat (BVI) Limited, a Controlling Shareholder and a company incorporated in the BVI which is wholly and beneficially owned by Mr. Kan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this announcement, means the substantial shareholders of the Company, namely Chuwei and Mr. Cheng and Mr. Chia
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Tsun Yip Holdings Limited
Kan Kwok Cheung
Chairman and executive Director

Hong Kong, 8 July 2011

As at the date of this announcement, the Board comprises Mr. Kan Kwok Cheung, Mr. Cheng Ka Ming, Martin, Mr. Chia Thien Loong, Eric John and Mr. Hui Chi Kwong as executive Directors and Mr. Hau Chi Kit, Mr. Lim Hung Chun, Mr. Lo Ho Chor as independent non-executive Directors.