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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)

CANCELLATION OF SHARE OPTIONS AND PROFIT WARNING STATEMENT

CANCELLATION OF SHARE OPTIONS

Reference is made to the announcement of the Company dated 12 August 2011 in relation to the grant of share options to subscribe for up to a total of 45,000,000 ordinary shares in the Company. The Directors noted the significant increase in the share price of the Company following the announcement of the Acquisition. Given the change in circumstances, and taking into account, among other things, the Company's prospective expanded business scope following completion of the Acquisition, the grantees of the Share Options and the Company have discussed and agreed to cancel the Share Options.

PROFIT WARNING STATEMENT

As a result of (i) the apportion of the Share Options expenses; (ii) the costs incurred in connection with the Acquisition; and (iii) the apportion of the promissory note expenses arising from a discloseable transaction of the Company as disclosed in the announcement of the Company dated 28 July 2011, the Company expects that the results of the Company for the six months ended 30 September 2011 would be significantly lower than the interim results for the six months ended 30 September 2010.

Completion of the Acquisition is subject to a number of conditions precedents, which may or may not be fulfilled. Shareholders and potential investors are advised to exercise caution when they deal in or contemplate dealing in the shares of the Company.

Share options

Reference is made to the announcement of Tsun Yip Holdings Limited (the "**Company**") dated 12 August 2011 in relation to the grant of share options to subscribe for up to a total of 45,000,000 ordinary shares in the Company (the "**Share Options**"). The Share Options were granted with a view to reward the relevant personnel for their past contributions and as well as an incentive for their future commitment to the Company.

Shortly after the above granting of the Share Options, an unique opportunity was available to the Company which ultimately concluded as the proposed acquisition of the entire issued share capital of Xinhua TV Asia-Pacific Operating Co., Limited (the "**Acquisition**") as disclosed in the announcement of the Company dated 11 October 2011. Although the existing business will continue, the Company will expand its business considerably into the media industry after the completion of the Acquisition. The Directors also noted the significant increase in the share price of the Company following the announcement of the Acquisition. Given the change in circumstances, and taking into account, among other things, the Company's prospective expanded business scope following completion of the Acquisition, the grantees of the Share Options (the "**Grantees**") and the Company have discussed and agreed to cancel the Share Options. Pending the conclusion of the extraordinary general meeting of the Company (the "**EGM**") as referred to in the announcement of the Company dated 11 October 2011 in relation to the Acquisition, the Company may grant other share options in accordance to its share option scheme.

Profit warning

In accordance with paragraph 28 (a) of Hong Kong Financial Reporting Standard 2 "Share-based Payment", cancellation of share options is accounted for as an acceleration of any unvested portion of share-based payment on the date of cancellation and any remaining portion of the share-based payment expenses is recorded in full immediately in the financial statements. Accordingly, due to the cancellation of the Share Options, the share-based payment expenses of approximately HK\$6.0 million, of which approximately HK\$0.8 million has already been recorded during the six months ended 30 September 2011, will be fully recorded in the financial statements for the year ending 31 March 2012. Had the cancellation of the Share Options not taken place, the results of the Company would have increased by approximately HK\$2.2 million for the year ending 31 March 2012 and it would have had the equal but opposite effect on the results for the year ending 31 March 2013. The above accounting treatment is based on the Company's preliminary assessment only, and the final accounting treatment and the exact amount to be accounted for are subject to review by the Company's auditors.

With the above one off share-based payment expenses to be fully charged to the profit and loss account, it is expected that the consolidated results of the Company for the third quarter ending 31 December 2011 will be materially affected. However, the Directors would like to highlight that such one off share-based payment expenses do not have any impact on the cash flow of the Company as such expenses are non-cash items.

As a result of the Acquisition, certain costs incurred in connection with the Acquisition, including but not limited to, professional fees to accountants, lawyers, valuer and financial adviser, were recorded in September 2011. In accordance with paragraph 53 of the Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations", all acquisition-related costs, including finder's fees, advisory, legal, accounting, valuation, consulting fees, other professional fees and general administrative costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Accordingly, costs related to the Acquisition of approximately HK\$1.6 million were recorded during the six months ended 30 September 2011.

Together with the apportion of the Share Options expenses of approximately HK\$0.8 million as described above and the apportion of the promissory note expenses of approximately HK\$0.3 million as a result of a discloseable transaction of the Company as disclosed in the announcement of the Company dated 28 July 2011 for the period ended 30 September 2011, the Company expects that the results of the Company for the six months ended 30 September 2011 would be significantly lower than the interim results for the six months ended 30 September 2010.

Completion of the Acquisition is subject to a number of conditions precedents, which may or may not be fulfilled. Shareholders and potential investors are advised to exercise caution when they deal in or contemplate dealing in the shares of the Company.

By Order of the Board
Tsun Yip Holdings Limited
Hui Chi Kwong
Executive Director

Hong Kong, 18 October 2011

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

Executive directors:

Kan Kwok Cheung

Cheng Ka Ming, Martin

Chia Thien Loong, Eric John

Hui Chi Kwong

Independent non-executive directors:

Chan Hon Yuen

Chu Siu Lun, Ivan

Hau Chi Kit

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong

Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 at least seven days from the date of its posting and the Company’s website at <http://www.tsunyip.hk>.