

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TYSAN HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 687)

CONTINUING CONNECTED TRANSACTIONS

Summary

Reference is made to the circular of the Company dated 16 February 2006 in relation to the Previous Continuing Connected Transactions contemplated by the 2006 Master Agreement. At the special general meeting of the Company convened on 6 March 2006, the then independent shareholders of the Company approved the Previous Continuing Connected Transactions. In addition to approving the Previous Continuing Connected Transactions, the annual cap amounts of the Previous Continuing Connected Transactions were also approved through until 31 December 2008.

Given the term of the 2006 Master Agreement has expired on 31 December 2008, on 21 October 2009, the Parties entered into the Master Agreement to regulate the business relationship and continuing transactions from time to time between these companies and their respective subsidiaries on normal commercial terms with a view to maximizing the business activities and operations of the Group. The Company proposes to seek Independent Shareholders' approval of the transactions under the Master Agreement subject to the Annual Caps.

Both TF and TCM are wholly-owned subsidiaries of the Company. TE is a non-wholly owned subsidiary of the Company while TBC is an associated company of the Company. TE is owned as to 70% by the Company, 22% by Mr. Wong and 8% by Mr. Victor Fung. TBC is owned as to 49% by the Company, 51% by Victor

Create. Victor Create is owned as to 60% by Mr. Victor Fung and 40% by Mr. Jackel Cheung who is a son of Mr. Francis Cheung. As Mr. Francis Cheung, Mr. Victor Fung and Mr. Wong are Directors, Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong, Mr. Jackel Cheung, TBC and TE are connected persons of the Company under Rule 14A.11 of the Listing Rules. Thus, the transactions contemplated under the Master Agreement involving the Parties, other than transactions between TF and TCM (both being wholly-owned subsidiaries of the Company) and their respective subsidiaries, constitute continuing connected transactions for the Company. In respect of the total amounts of the Continuing Connected Transactions, as it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules, on an annual basis, will not be less than 2.5% and the annual consideration thereof is expected to exceed HK\$10,000,000, the Continuing Connected Transactions will constitute non-exempt continuing connected transactions for the Company under the Chapter 14A of the Listing Rules. The Continuing Connected Transactions will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules in relation to non-exempt continuing connected transactions.

In view of the above, the Company will seek the approval of the Independent Shareholders in relation to the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder. It is proposed that an ordinary resolution will be proposed at the SGM of the Company to be held for the Independent Shareholders to approve by way of poll the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder. Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong and their respective associates will abstain from voting on the ordinary resolution(s) to approve the Master Agreement and the Annual Caps.

A circular containing, inter alia, details of the Master Agreement, a letter from the independent financial adviser containing its advice on the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder, and a letter from the Independent Board Committee together with a notice convening the SGM of the Company will be despatched to Shareholders as soon as is practicable.

THE MASTER AGREEMENT

Date: 21 October 2009

Parties: TF, TCM, TBC and TE

Continuing Connected
Transactions and
General Principles of
Subcontracting

If and when any Party or any of its subsidiaries shall have been awarded or appointed with a contract for works (the “Appointor”) for which it may deem appropriate to subcontract the whole or any part or parts of such works to another Party or Parties or any of its/their subsidiaries (in each case, the “Appointee”), the Appointor may from time to time in the ordinary and usual course of its business subcontract the whole or any part of such works to the Appointee, subject to the Annual Caps, in the Prescribed Manner by entering into separate and definite agreements provided that the detailed terms of each such transaction shall be in accordance with the principles set out in the Master Agreement. Such detailed terms shall be on normal commercial basis and on terms no less favourable to the Group than those available to or from, as the case may be, to independent third parties, and the pricing thereof shall be no less favourable than the prevailing market rate, and provided further that such terms shall be fair and reasonable and in the interest of the Shareholders as a whole. For the avoidance of doubt, depending on the circumstances, a Party may be the Appointor on one occasion of subcontracting and the Appointee on another occasion and so on.

Condition Precedent

The arrangements contemplated under the Master Agreement will upon the approval of the Independent Shareholders and the approval of the Stock Exchange where necessary take retrospective effect from 1 April 2009. It is a condition precedent to the Master Agreement and the terms and conditions thereof that if such approval is not obtained on or before 31 December 2009 (or such later date as may be agreed by the Parties), the Master Agreement will automatically terminate and no Party shall have any claim against any other Party or Parties under the Master Agreement.

Term

The Master Agreement is for a term of 36 months commencing, with retrospective effect, from 1 April 2009 and ending on 31 March 2012, both dates inclusive.

Annual Caps

For each category of works concerned specified hereinbelow, the maximum aggregate value of the contract sum in respect of works to be subcontracted by any Party to any other Party on any occasion of subcontracting (excluding transactions between TF and TCM (both being wholly-owned subsidiaries of the Company) and their respective subsidiaries) for each of the financial years concerned shall not exceed the amounts set out below (for the avoidance of doubt, it should be noted that depending on the circumstances, a Party may on certain occasions be the subcontracting party while on other occasions the party receiving the subcontracts and vice versa and therefore the Annual Caps include all such transactions) :

	Financial Year Ending		
	31 Mar 2010	31 Mar 2011	31 Mar 2012
	<i>(HK\$' million)</i>	<i>(HK\$' million)</i>	<i>(HK\$' million)</i>
Foundation works	180.00	198.00	218.00
Building and construction works	180.00	198.00	218.00
EM works	70.00	77.00	85.00

Historical Figures

During the three calendar years ended 31 December 2008, the aggregate subcontracting works under the Previous Continuing Connected Transactions and their respective Annual Caps were as follows:-

<i>For the calendar year ended 31 December 2008</i>	Actual	Cap amount
	<i>(HK\$' million)</i>	<i>(HK\$' million)</i>
1. Building and Construction Works	155.18	288.00
2. EM Works	0.62	100.00
3. Foundation Works	0.00	288.00
<i>For the calendar year ended 31 December 2007</i>	Actual	Cap amount
1. Building and Construction Works	47.29	240.00
2. EM works	5.80	84.00
3. Foundation Works	0.00	240.00
<i>For the calendar year ended 31 December 2006</i>	Actual	Cap amount
1. Building and Construction Works	58.62	200.00
2. EM Works	0.87	70.00
3. Foundation Works	1.91	200.00

During the period from 1 January 2009 to 31 March 2009, there were no subcontracting works between the Parties. During the period from 1 April 2009 to the date hereof, the aggregate amounts of subcontracting works between the Parties are HK\$0.74 million for Building and Construction Works, nil for EM Works and HK\$1.54 million for Foundation Works and the respective amounts for each of the transactions concerned did not exceed the threshold under Rule 14A.33(3) of the Listing Rules and are therefore exempt from the reporting, announcement and shareholders' approval requirement of the Listing Rules. In view of the then sluggish market conditions in Hong Kong since the global financial crisis in 2008, the Directors felt no pressing needs during the interim period to enter into the Master Agreement. However, with the gradual recovery of the economy in Hong Kong during the second half of 2009, the Directors are more optimistic towards the recovery of the business and market conditions in Hong Kong and Macau, especially in the foundation, building and construction sectors and take the view that it would be in the interest of the Company and its shareholders as a whole for the Master Agreement to be entered into, and that when the opportunities should arise, the amounts of the Continuing Connected Transactions may well exceed that of the Previous Continuing Connected Transactions.

REASONS FOR AND BENEFITS OF THE MASTER AGREEMENT AND THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in foundation piling, building construction, electrical and mechanical engineering, machinery hiring and trading, property investment and property development.

The principal business of TF and TCM is the provision of foundation piling and related works. The principal business of TBC is the provision of building and construction works. TE is an investment holding company and the principal business of TEHK, a wholly-owned subsidiary of TE, is in the provision of electrical and mechanical works. Since projects to be granted to or undertaken by TF, TCM, TBC or TE (or their respective subsidiaries) may involve foundation works, building and construction works and electrical and mechanical works, the subcontracting of foundation works, building and construction works or electrical and mechanical works, as the case may be, by one company in the Group to the other specialized in such works would maximize the business activities and operations of the Group and would provide the Company with better competitive edge and control of the projects concerned. The joint efforts of the Parties would also provide to the clients concerned a more comprehensive and coordinated service in the common interest of the Parties and the Company.

Since such subcontracting transactions among the Parties or their respective subsidiaries, payments for which will be settled by cash payments or settlement through inter-company accounts, would continue on an ongoing basis, a Master Agreement was entered into among the Parties on 21 October 2009. Both TF and TCM are wholly-owned subsidiaries of the Company. TE is a non-wholly owned subsidiary of the Company while TBC is an associated company of the Company. TBC is owned as to 49% by the Company and 51% by Victor Create. Victor Create is owned as to 60% by Mr. Victor Fung and 40% by Mr. Jackel Cheung who is a son of Mr. Francis Cheung. TE is owned as to 70% by the Company, 22% by Mr. Wong and 8% by Mr. Victor Fung. As Mr. Francis Cheung, Mr. Victor Fung and Mr. Wong are Directors, Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong, Mr. Jackel Cheung, TBC and TE are connected persons of the Company under Rule 14A.11 of the Listing Rules. Thus, the transactions contemplated under the Master Agreement involving the Parties, other than transactions between TF and TCM (both being wholly-owned subsidiaries of the Company) and their respective subsidiaries, constitute continuing connected transactions for the Company. In respect of the total amounts of the Continuing Connected Transactions, as it is anticipated that the applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules, on an annual basis, will not be less than 2.5% and the annual consideration is expected to exceed HK\$10,000,000, the Continuing Connected Transactions will constitute non-exempt continuing connected transactions for the Company under the Chapter 14A of the Listing Rules. The Continuing Connected Transactions will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules in relation to non-exempt continuing connected transactions.

In view of the above, the Company will seek the approval of the Independent Shareholders in relation to the Master Agreement (including the Annual Caps) and the Continuing Connected Transactions contemplated thereunder. An ordinary resolution will be proposed at the SGM of the Company to be held for the Independent Shareholders to approve by way of poll the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder. Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong, Mr. Jackel Cheung and their respective associates will abstain from voting on the ordinary resolution to approve the Master Agreement and the Annual Caps.

The Annual Caps set out above have been determined by reference to (1) the terms of the Master Agreement; (2) the Group's turnover and the relevant divisions' turnover for the past three years; (3) the subcontracting between the Parties and/or their subsidiaries for the past three years; (4) the current, prospective and future projects of the Group taking into consideration the recovery of economy since the

global financial crisis in 2008, and in particular in the foundation, building and construction sectors in Hong Kong and Macau; and (5) the growth rate in the turnover of the Group's projects estimated at approximately 10% per annum for the next few years.

The Directors consider that the Continuing Connected Transactions are and will be of the types that are entered into in the ordinary and usual course of business of the companies concerned within the Group and on a frequent and regular basis. Therefore, the Directors consider that it would be: (1) appropriate and in the interest of business efficacy to set out in the Master Agreement the principles governing such transactions; and (2) too costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules.

The Directors consider the terms of the Master Agreement and the Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

OTHER INFORMATION

The Board has formed the Independent Board Committee consisting of all the independent non-executive Directors to advise the independent shareholders on the continuing connected transactions that are subject to Independent Shareholders' approval requirement under the Listing Rules. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Agreement and the Annual Caps.

The SGM will be convened at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Master Agreement. Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong, Mr. Jackel Cheung and other shareholders of TBC and TE and their respective associates will abstain from voting in the SGM.

A circular containing, inter alia, details of the Master Agreement, a letter of advice from the independent financial adviser containing its advice on the Continuing Connected Transactions, a letter from the Independent Board Committee together with a notice convening the SGM will be despatched to Shareholders as soon as practicable.

Definitions

“2006 Master Agreement”	the master agreement entered into on 26 January 2006 between the Parties;
“Annual Caps”	the maximum aggregate value of the contract sums in respect of transactions permitted under the Master Agreement concerned in respect of the specified categories of works for each financial year concerned as set out in this announcement;
“Appointee”	the Parties or any of their respective subsidiary which is subcontracted by the Appointor in respect of the whole or any part of the works that the Appointor has been awarded or appointed with;
“Appointor”	the Parties or any of their respective subsidiary which has been awarded or appointed with a contract of works for which it may deem appropriate to subcontract the whole or any part of such works to another Party;
“Board”	the board of Directors;
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange;
“Continuing Connected Transactions”	the non-exempt continuing connected transactions and their respective Annual Caps contemplated under the Master Agreement;
“Director(s)”	the director(s) of the Company;
“EM works”	electrical and mechanical engineering works;
“Group”	the Company and its subsidiaries;
“Independent Board Committee”	an independent board committee of the Company comprising Messrs. Fan Chor Ho Paul, Tse Man Bun and Lung Chee Ming, George
“Independent Shareholders”	Shareholders other than Mr. Francis Cheung, Mr. Victor Fung, Mr. Wong, Mr. Jackel Cheung and shareholders of TBC and TE and their respective associates;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Agreement”	the master agreement entered into among the Parties to set out the principles regulating the business relationship between the Parties and their respective subsidiaries on normal commercial terms with a view to maximizing the business activities and operations of the Group;
“Mr. Francis Cheung”	Mr. Francis Cheung, the Chairman and a substantial shareholder of the Company;
“Mr. Jackel Cheung”	Mr. Harvey Jackel Cheung, an Associate Director of the Group and a son of Mr. Francis Cheung;
“Mr. Victor Fung”	Mr. Fung Chiu Chak Victor, the Vice-Chairman, Managing Director and a substantial shareholder of the Company;
“Mr. Wong”	Mr. Wong Kay, an executive Director;
“Parties”	the parties to the Master Agreement collectively, being TF, TCM, TBC and TE, and individually a “Party”;
“Prescribed Manner”	<p>(1) the subcontracting of foundation works by TBC (or its subsidiaries) to TF or TCM (or their respective subsidiaries) or vice versa, or</p> <p>(2) the subcontracting of building and construction works by TF or TCM (or their respective subsidiaries) to TBC (or its subsidiaries) or vice versa, or</p> <p>(3) the subcontracting of EM works by TF, TCM or TBC (or their respective subsidiaries) to TE (or its subsidiaries) or vice versa;</p>
“Previous Continuing Connected Transactions”	continuing connected transactions contemplated by the 2006 Master Agreement;

“SGM”	special general meeting of the Company to be convened to approve the Master Agreement (including the Annual Caps) and the Continuing Connected Transactions contemplated thereunder;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TBC”	Tysan Building Construction Company Limited, a non-wholly owned subsidiary of the Company and is owned as to 49% by the Company and 51% by Victor Create;
“TCM”	Tysan Construction (Macau) Limited, a wholly-owned subsidiary of the Company;
“TE”	Tysan Engineering Company Limited, a non-wholly owned subsidiary of the Company and is owned as to 70% by the Company, 22% by Mr. Wong and 8% by Mr. Victor Fung;
“TEHK”	Tysan Engineering (HK) Company Limited, a wholly-owned subsidiary of TE;
“TF”	Tysan Foundation Limited, a wholly-owned subsidiary of the Company;.
“Victor Create”	Victor Create Limited, a company owned as to 60% by Mr. Victor Fung and 40% by Mr. Jackel Cheung.

By Order of the Board
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 21 October 2009

As at the date of this announcement, the executive Directors are Mr. Francis Cheung; Mr. Fung Chiu Chak, Victor; Mr. David Chien; Miss Jennifer Kwok; Mr. Chiu Chin Hung and Mr. Wong Kay; and the independent non-executive Directors are Mr. Fan Chor Ho, Paul; Mr. Tse Man Bun and Mr. Lung Chee Ming, George.

Company website: www.tysan.com