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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 687)

CONTINUING CONNECTED TRANSACTIONS

On 3 November 2014, the Parties entered into the Master Agreement to set out the principles upon which (a) subsidiaries of Tysan Foundation may subcontract building and construction works, EM works, rental of tower cranes and provision of engineering services, in whole or in part, to Building Construction, Tysan Engineering and/or Proficiency Equipment (or their respective subsidiaries) or vice versa; and (b) Building Construction may subcontract foundation works, EM works, rental of tower cranes and provision of engineering services, in whole or in part, to subsidiaries of Tysan Foundation, Tysan Engineering and/or Proficiency Equipment (or their respective subsidiaries) or vice versa. The objective of the Master Agreement is to maximize the business activities and operations of the Group.

The parties to the Master Agreement are Tysan Foundation, Tysan Engineering, Proficiency Equipment, (all of which are subsidiaries of the Company) and Building Construction, a company ultimately wholly-owned by Mr. Victor Fung, an Executive Director. In addition, Tysan Foundation is also an associate of Mr. Victor Fung. Consequently, Tysan Foundation and Building Construction are connected persons of the Company under Rule 14A.07 of the Listing Rules. Thus, the transactions between either Tysan Foundation or Building Construction with subsidiaries of the Company under the Master Agreement constitute continuing connected transactions for the Company for the reasons above. The applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules in relation to the total amounts of the Continuing Connected Transactions (on an annual basis) will be more than 5% and it is expected that the total consideration will exceed HK\$10,000,000. The Continuing Connected Transactions will therefore constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and will be subject to disclosures in announcement, circular, annual review and Independent Shareholders' approval requirements under Rules 14A.32 to 14A.59 of the Listing Rules in relation to non-exempt continuing connected transactions.

To the best of the knowledge, information and belief of the Directors, no Shareholder is required under the Listing Rules to abstain from voting if the Company were to convene a general meeting for the approval of the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder. As Tides Holdings II is interested in 655,999,427 Shares, representing approximately 75% of the issued share capital of the Company, pursuant to Rule 14A.37 of the Listing Rules, the Company has obtained a written approval from Tides Holdings II to approve the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder in lieu of holding a general meeting. Upon the Stock Exchange granting the waiver pursuant to Rule 14A.37 of the Listing Rules, no general meeting will be held to consider the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder.

The Independent Board Committee has been formed to advise the Shareholders in respect of the Master Agreement, the Continuing Connected Transactions and the Annual Caps. Somerley has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Agreement, the Continuing Connected Transactions and the Annual Caps.

A circular containing, among other things, details of the Master Agreement, a letter of advice from the independent financial adviser containing its advice on the Master Agreement, the Continuing Connected Transactions and the Annual Caps and a letter from the Independent Board Committee is expected to be despatched to Shareholders on or about 24 November 2014.

THE MASTER AGREEMENT

Date: 3 November 2014

Parties: Tysan Foundation, Tysan Engineering, Proficiency Equipment and Building Construction

Continuing Connected Transactions An Appointor may at its discretion subcontract the whole or any part or parts of the works under a contract of works it has been awarded or appointed to an Appointee in the ordinary and usual course of its business. An Appointor may do so by entering into separate and definite agreements from time to time with an Appointee in the Prescribed Manner to provide for the detailed terms of each transaction in accordance with the principles set out in the Master Agreement and subject to the Annual Caps.

Detailed terms under each separate agreement shall include, without limitation: (1) the scope of the works concerned with detailed specifications as to the particulars, extent and standards of the works to be undertaken and the price thereof; (2) the manner of payment and/or settlement for such works; (3) specifications as to the materials, if any, to be supplied; and (4) other terms and conditions in relation to the provision of the works concerned, provided that: (a) 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, independent third parties; (b) the pricing thereof shall be no less favourable than the prevailing market rate; and (c) 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 an Appointor on one occasion of subcontracting and an Appointee on another occasion.

Condition Precedent	The Master Agreement is subject to the condition precedent that the terms and conditions thereof and the Continuing Connected Transactions receive the approval of the Independent Shareholders in accordance with the Listing Rules and the approval of the Stock Exchange (where necessary). If such approval is not obtained on or before 31 December 2014 (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 commencing from 3 November 2014 and ending on 31 March 2017, both days inclusive.
Pricing Policy	In respect of foundation works and building and construction works to be subcontracted under the Master Agreement, their pricing shall be determined primarily through a bidding process whereby the Appointor will seek quotations from at least one independent third party subcontractor and the Appointee (a) prior to the Appointor's submission of tender for a contract of works (where the Appointor will incorporate such bid terms into its own tender submission) or (b) after the Appointor has been awarded or appointed with a contract of works. The Appointor will make reference to the quotations from such independent third party and take into account industry data and market information when determining whether the price of the relevant works is the prevailing market rate. In determining the successful bidder in respect of such works, the Appointor will also consider the potential bidder's ability to complete the relevant works according to schedules and its ability to meet the specification requirements.

In respect of EM works and rental and engineering work relating to tower cranes to be subcontracted under the Master Agreement, their pricing shall be determined primarily through a bidding process whereby the employer will, by itself or through the Appointor, invite the Appointee to submit quotation for the relevant works. The Appointee will submit its quotation with reference to the market price of the relevant works or comparable type of works provided by independent third parties, its capacity and complexity of the works.

In the event that it is not reasonably practicable to go through the bidding process in circumstances where (a) only limited expertise is available in the market for the relevant works; (b) the profit margin for the relevant works is low; (c) the relevant works are required to be done urgently; (d) the contract sum of the relevant works is HK\$1,000,000 or less; or (e) the relevant services are supervisory and general management in nature, the Appointor will invite quotations from the Appointee. The pricing of works and/or services under (a) to (e) above will be determined on arm's length negotiations between the Appointor and the Appointee to ensure that the prices and terms of such works and/or services are no less favourable than that offered by any independent subcontractor in other similar projects.

When the Appointor subcontracts the works to the Appointee, the subcontract sum of such works basically should be made on a dollar-to-dollar and back-to-back without any mark-up or mark-down. However, the Appointor may be allowed to mark-down the prices by not more than 10% of the subcontract sum if the Appointor incurs (a) expenses in procuring the granting of the relevant main contract such as posting of bonds and insurance; and (b) supervision and management cost in compliance with the main contract.

Annual Caps The maximum aggregate value of the contract sum in respect of each category of works to be subcontracted by any Party to another Party in the Prescribed Manner for each of the financial years concerned under the Master Agreement (excluding transactions between subsidiaries of Tysan Foundation) shall not exceed the amounts set out below.

	Financial Year Ending		
	31 Mar	31 Mar	31 Mar
	2015	2016	2017
	<i>(HK\$'</i>	<i>(HK\$'</i>	<i>(HK\$'</i>
	<i>million)</i>	<i>million)</i>	<i>million)</i>
Foundation works	100	100	100
Building and construction works	100	100	100
EM works	175	175	175
Rental and engineering work relating to tower cranes	10	10	10

Save for transactions which amounted to less than HK\$3 million for this financial year prior to the date of the Master Agreement, there were no subcontracting works between the Parties for the two financial years ended 31 March 2014 as the Group focused on its property development projects in the PRC market during such period. According to the 2014 policy address of the Hong Kong Government, it targets to provide a total of 470,000 units in the coming ten years and its capital expenditure on infrastructure is estimated to reach HK\$78 billion for the fiscal year 2014-15, which represents a 22% increase over the 5-year average. In view of the major infrastructure projects and land development projects being undertaken or planned and the market conditions in Hong Kong, the Directors take the view that it would be in the interest of the Company and the Shareholders for the Master Agreement to be entered into to maximize the business activities and operations of the Group.

The Annual Caps set out above have been determined by reference to (1) the Group's turnover and the relevant divisions' turnover for the past three years; (2) the subcontracting between the Parties and/or their subsidiaries for the three years ended 31 March 2012; and (3) the current, prospective and future projects of the Group, and in particular in the foundation, building and construction sectors in Hong Kong.

INTERNAL CONTROL

The Company has put in place internal control procedures to ensure that individual transactions under the Master Agreement will be conducted in accordance with the terms of the Master Agreement. In order to ensure that the terms provided by the Appointee in respect of the works to be subcontracted under the Master Agreement are on normal terms or on terms no less favourable than those offered by independent third party, the Parties will follow the pricing policy as set out in the Master Agreement and make reference to the quotation from any independent third party subcontractor (where applicable). Further, the operations department of the Company will keep track of the actual contract sum of subcontracting works under the Master Agreement from time to time to ensure that the aggregate value of such contract sums will not exceed the Annual Caps. Prior to entering into individual transaction with Building Construction and/or Tysan Foundation (being the connected persons of the Company under Rule 14A.07 of the Listing Rules) under the Master Agreement, the Parties will provide promptly details of such proposed transaction including the relevant agreement to the finance and accounts department and the company secretarial department of the Company for their review. The agreement in respect of such proposed transaction will not be executed unless and until the above departments of the Company have confirmed that the aggregate value of the contract sums (including the contract sum of the proposed transaction) under the Master Agreement will not exceed the Annual Caps. If it is contemplated that the Annual Caps will be exceeded as a result of entering into the proposed transaction, such transaction will not be entered into until after the Company has complied with the relevant requirements under the Listing Rules.

On the basis of the above, the Directors are of the view that the Group has adequate internal control procedures in place to ensure that individual transactions under the Master Agreement are conducted in accordance with the terms of the Master Agreement.

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

The Group is principally engaged in foundation piling, property development, property investment and management, machinery leasing and trading, and electrical and mechanical engineering.

Tysan Foundation is an investment holding company and the principal business activities of the subsidiaries of Tysan Foundation are the provision of foundation piling and related works. Tysan Engineering is an investment holding company and Tysan Engineering (H.K.) Company Limited, a wholly-owned subsidiary of Tysan Engineering, is principally engaged in EM works. The principal business of Proficiency Equipment is undertaking of sale and rental of tower cranes and provision of engineering services. The principal business of Building Construction is

the provision of building and construction works. The Master Agreement allows the Parties to utilise the expertise of one another by way of subcontracting. This 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 would continue on an ongoing basis, the Master Agreement was entered into among the Parties to regulate the business relationship and continuing transactions among them from time to time. Tysan Foundation, Tysan Engineering and Proficiency Equipment are subsidiaries of the Company. Building Construction is a company ultimately wholly-owned by Mr. Victor Fung, an Executive Director. In addition, Tysan Foundation is also an associate of Mr. Victor Fung. Consequently, Tysan Foundation and Building Construction are connected persons of the Company under Rule 14A.07 of the Listing Rules. Thus, the transactions between either Tysan Foundation or Building Construction with subsidiaries of the Company under the Master Agreement constitute continuing connected transactions for the Company. The applicable percentage ratios (other than the profits ratio) calculated in accordance with Chapter 14A of the Listing Rules in relation to the total amounts of the Continuing Connected Transactions (on an annual basis) will be more than 5% and it is expected that the total consideration will exceed HK\$10,000,000. The Continuing Connected Transactions will therefore constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and will be subject to disclosures in announcement, circular, annual review and Independent Shareholders' approval requirements under Rules 14A.32 to 14A.59 of the Listing Rules in relation to non-exempt continuing connected transactions.

The Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) 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 (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) consider that it would be more appropriate and in the interest of business efficacy to set out in the Master Agreement the principles governing such transactions and obtain the prior approval from the Independent Shareholders for such Continuing Connected Transaction, as required by the Listing Rules.

The Directors (excluding the independent non-executive Directors whose opinions will be set out in the letter from the Independent Board Committee to be included in the circular) consider the terms of the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder are fair and reasonable

and in the interests of the Company and its Shareholders as a whole. As Mr. Victor Fung is considered to have a material interest in the Master Agreement by virtue of his interests in Building Construction and Tysan Foundation, he has abstained from voting on the relevant resolution approving the Master Agreement and the transactions contemplated thereunder at the Board meeting.

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 Master Agreement, the Continuing Connected Transactions and the Annual Caps. Somerley has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Master Agreement, the Continuing Connected Transactions and the Annual Caps.

To the best of the knowledge, information and belief of the Directors, no Shareholder is required under the Listing Rules to abstain from voting if the Company were to convene a general meeting for the approval of the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder. As Tides Holdings II is interested in 655,999,427 Shares, representing approximately 75% of the issued share capital of the Company, pursuant to Rule 14A.37 of the Listing Rules, the Company has obtained a written approval from Tides Holdings II to approve the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder in lieu of holding a general meeting. Upon the Stock Exchange granting the waiver pursuant to Rule 14A.37 of the Listing Rules, no general meeting will be held to consider the Master Agreement, the Continuing Connected Transactions and the Annual Caps contemplated thereunder.

A circular containing, among other things, details of the Master Agreement, a letter of advice from the independent financial adviser containing its advice on the Master Agreement, the Continuing Connected Transactions and the Annual Caps and a letter from the Independent Board Committee is expected to be despatched to Shareholders on or about 24 November 2014.

DEFINITIONS

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| “Annual Caps” | the maximum aggregate value of the contract sum in respect of each category of works to be subcontracted under the Master Agreement for each financial year concerned as set out in this announcement; |
| “Appointee” | any Party or any of its subsidiaries which has been subcontracted by the Appointor in respect of the whole or any part or parts of the works that the Appointor has been awarded or appointed with; |

“Appointor”	any Party or any of its subsidiaries which has been awarded or appointed with a contract for works 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;
“Board”	the board of Directors;
“Building Construction”	Tysan Building Construction Company Limited, a company incorporated in Hong Kong with limited liability and owned as to 49% by Mr. Victor Fung and 51% by Victor Create;
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares 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;
“Fortunate Pool”	Fortunate Pool Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Victor Fung;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent board committee of the Company comprising Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee;
“Independent Shareholders”	the Shareholders other than those Shareholders who have a material interest in the Continuing Connected Transactions, if any;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Master Agreement”	the master agreement dated 3 November 2014 entered into between the Parties in respect of the subcontracting of works, whether in whole or in part, among them in the Prescribed Manner;
“Mr. Victor Fung”	Mr. Fung Chiu Chak Victor, an Executive Director, the Vice-Chairman and Managing Director of the Company;
“Parties”	the parties to the Master Agreement collectively, being Tysan Foundation, Tysan Engineering, Proficiency Equipment and Building Construction, and individually a “Party”;
“PRC”	the People’s Republic of China;
“Prescribed Manner”	(1) the subcontracting of foundation works by Building Construction (or its subsidiaries) to subsidiaries of Tysan Foundation or vice versa, or (2) the subcontracting of building and construction works by subsidiaries of Tysan Foundation to Building Construction (or its subsidiaries) or vice versa, or (3) the subcontracting of EM works by subsidiaries of Tysan Foundation or Building Construction (or its subsidiaries) to Tysan Engineering (or its subsidiaries) or vice versa, or (4) the subcontracting of rental of tower cranes and provision of engineering services by subsidiaries of Tysan Foundation or Building Construction (or its subsidiaries) to Tysan Equipment (or its subsidiaries) or vice versa;
“Proficiency Equipment”	Proficiency Equipment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holder(s) of Share(s);

“Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tides Holdings II”	Tides Holdings II Ltd., a company incorporated in the British Virgin Islands with limited liability and the immediate controlling shareholder of the Company holding approximately 75% interest in the Company;
“Tysan Engineering”	Tysan Engineering Company Limited, a company incorporated in Hong Kong with limited liability, an indirect non-wholly owned subsidiary of the Company and is owned as to 70% by the Company through Tysan Construction Company Limited, 22% by Mr. Wong Kay, a member of senior management of the Company, and 8% by Mr. Victor Fung;
“Tysan Foundation”	Tysan Foundation (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, a non-wholly owned subsidiary of the Company and is owned as to 60% by the Company and 40% by Fortunate Pool;
“Victor Create”	Victor Create Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Victor Fung;
“%”	per cent.

By Order of the Board
TYSAN HOLDINGS LIMITED
Wong Suk Han, Kitty
Company Secretary

Hong Kong, 3 November 2014

As at the date of this announcement, the executive Directors are Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai; the non-executive Directors are Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Yang Han Hsiang, Mr. Justin Wai and Mr. Law Yiu Fat Richard; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.

Company website: www.tysan.com