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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 687)

CONNECTED TRANSACTIONS

Disposal of Tremend Yield and Tysan Engineering to Mr. Victor Fung

On 11 December 2014, Tysan Property (a wholly-owned subsidiary of the Company) entered into the Tremend Yield Disposal Agreement pursuant to which Tysan Property agrees to sell, and Mr. Victor Fung agrees to purchase, 100% of the equity and shareholder's loans in Tremend Yield, a company which is 100% owned by Tysan Property. The total consideration is HK\$21,875,144.

On 11 December 2014, Tysan Construction (a wholly-owned subsidiary of the Company) entered into the Tysan Engineering Disposal Agreement pursuant to which Tysan Construction agrees to sell, and Mr. Victor Fung agrees to purchase, 70% of the equity interest in Tysan Engineering and related shareholder's loan. Tysan Engineering is 70% owned by Tysan Construction, 22% owned by Mr. Kay Wong, a director of a subsidiary of the Company, and the remaining 8% already owned by Mr. Victor Fung. The total consideration is HK\$5,793,752.

Mr. Victor Fung, the vice chairman and managing director of the Company, is a connected person of the Company under the Listing Rules. The entering into the Tremend Yield Disposal and Tysan Engineering Disposal constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Tremend Yield Disposal and the Tysan Engineering Disposal are, together, less than 5%, the Connected Transactions are each subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirements under the Listing Rules.

TREMEND YIELD DISPOSAL AGREEMENT

The details of the Tremend Yield Disposal Agreement are set out as follows:

Date	11 December 2014
Parties	(1) Vendor: Tysan Property; and (2) Purchaser: Mr. Victor Fung
Subject matter	Tysan Property agrees to sell and Mr. Victor Fung agrees to purchase the Tremend Yield Sale Shares and the Tremend Yield Loan. Such shares and loan interests represent 100% of the equity of and shareholder's loans due from Tremend Yield.
Consideration	<p>The consideration, as determined after arm's length negotiations between the parties to the Tremend Yield Disposal Agreement, is HK\$21,875,144. This consists of the consideration for the Tremend Yield Sale Shares being HK\$15,471,144 and consideration for the Tremend Yield Loan being HK\$6,404,000. Please refer to the section headed "Basis of Consideration and Reasons for and Benefits of Entering into the Tremend Yield Disposal" for further details.</p> <p>The consideration will be paid in cash by way of a bank cheque or cashier's order drawn on a licensed bank in Hong Kong or direct transfer to be received on completion of the Tremend Yield Disposal.</p>
Completion date	Completion shall take place on or before 15 January 2015 or on such other date as the parties may otherwise agree. If completion does not occur on the intended completion date due to the hoisting of Typhoon Signal No. 8 (or above) or Black Rainstorm Warning in Hong Kong, on the immediately following Business Day.

TYSAN ENGINEERING DISPOSAL AGREEMENT

The details of the Tysan Engineering Disposal Agreement are set out as follows:

Date	11 December 2014
Parties	(1) Vendor: Tysan Construction; and (2) Purchaser: Mr. Victor Fung
Subject matter	Tysan Construction agrees to sell and Mr. Victor Fung agrees to purchase the Tysan Engineering Sale Shares and the Tysan Engineering Loan. The Tysan Engineering Sale Shares represent 70% of the issued share capital of Tysan Engineering, with 22% being owned by Mr. Wong Kay (a director of Tysan Engineering (HK), a wholly-owned subsidiary of Tysan Engineering, and a member of the senior management of the Company) and the remaining 8% already owned by Mr. Victor Fung. The Tysan Engineering Loan represents all of the Shareholder loans due from Tysan Engineering to Tysan Construction.
Consideration	<p>The consideration, as determined after arm's length negotiations between the parties to the Tysan Engineering Disposal Agreement, is HK\$5,793,752. This consists of the consideration for the Tysan Engineering Sale Shares being HK\$184,176 and consideration for the Tysan Engineering Loan being HK\$5,609,576. Please refer to the section headed "Basis of Consideration and Reasons for and Benefits of Entering into the Tysan Engineering Disposal" for further details.</p> <p>The consideration will be paid in cash by way of a bank cheque or cashier's order drawn on a licensed bank in Hong Kong or direct transfer to be received on completion of the Tysan Engineering Disposal.</p>
Completion date	Completion shall take place on or before 15 January 2015 or on such other date as the parties may otherwise agree. If completion does not occur on the intended completion date due to the hoisting of Typhoon Signal No. 8 (or above) or Black Rainstorm Warning in Hong Kong, on the immediately following Business Day.

GENERAL INFORMATION

Following a review of the Group's core business and as reported in the Company's unaudited interim report for the six months ended 30 September 2014, the Group will focus on its three principal businesses, being foundation piling, property development, and property investment and management.

BASIS OF CONSIDERATION AND REASONS FOR AND BENEFITS OF ENTERING INTO THE TREMEND YIELD DISPOSAL

Tremend Yield is a property investment company whose main asset is the Property, namely a shop in Tai Kok Tsui, Kowloon for commercial use. As part of its strategy to divest from its non-core businesses, the Company has decided to dispose of its interest in Tremend Yield. The consideration for both the equity and shareholder's loan was arrived at after arm's length negotiations between the parties to the Tremend Yield Disposal Agreement with reference to the net asset value as stated in the unaudited management accounts of Tremend Yield as at 30 September 2014 (including the Property which was stated at its fair market value as at that date), being the period end of its more recent interim financial statements, with appropriate adjustments for changes thereafter in the net asset position till 31 October 2014. The consideration for the Tremend Yield Sale Shares and the Tremend Yield Loan, representing 100% of the equity of and shareholder's loans due from Tremend Yield, is equal to such unaudited net asset value of Tremend Yield as at 31 October 2014.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Tremend Yield Disposal to be fair and reasonable, on normal commercial terms and is in the interests of the Company and its Shareholders as a whole.

BASIS OF CONSIDERATION AND REASONS FOR AND BENEFITS OF ENTERING INTO THE TYSAN ENGINEERING DISPOSAL

Tysan Engineering, together with its wholly-owned subsidiaries Tysan Engineering (HK) and Tysan Engineering (China) Company Limited, are principally engaged in the provision of electrical and mechanical engineering services. Tysan Engineering has incurred losses for the two financial years ended 31 March 2012 and 31 March 2013 respectively (2012: loss of HK\$0.35 million, 2013: loss of HK\$3.3 million) and became marginally profitable for the year ended 31 March 2014, thereby recording a profit of HK\$0.51 million. For the six months ended 30 September 2014, Tysan Engineering recorded a profit of HK\$0.54 million. As at 30 September 2014, Tysan Engineering had net assets of HK\$0.37 million.

Whilst Tysan Engineering will continue to pursue its business, its overall contribution to the Group is very marginal and the Company has decided to dispose of it and focus on its core businesses.

An alternative to disposal was to liquidate Tysan Engineering and sub-contract the Group's requirements to third parties. Management's estimation of liquidation costs (including employees and other related professional costs, could amount to about HK\$0.88 million. Consequently, even though a discount of 12.8% from the principal amount of the Tysan Engineering Loan, being HK\$823,424, is offered to Mr. Victor Fung, such discount, is less than the estimated amount of liquidation costs. Given that Tysan Engineering showed a net assets position as at 30 September 2014, the consideration for the Tysan Engineering Sale Shares was agreed at HK\$184,176 (being 70% of the unaudited net assets as at 31 October 2014) and so as to avoid incurring liquidation costs, the Company decided to assign the Tysan Engineering Loan at 87.2% of its principal amount.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Tysan Engineering Disposal to be fair and reasonable, on normal commercial terms and is in the interests of the Company and its Shareholders as a whole.

OFFICE ACCOMMODATION AND SERVICES

Tysan Management, a wholly-owned subsidiary of the Company, provides Tysan Engineering (HK), a wholly-owned subsidiary of Tysan Engineering, office accommodation and administrative services at a fee of HK\$390,000 per annum. Tysan Management will continue to provide such services to Tysan Engineering (HK) after completion of the Tysan Engineering Disposal at the same fee, that is, for HK\$390,000 per annum until 31 March 2015, thereby constituting an exempted continuing connected transaction.

EFFECT OF THE CONNECTED TRANSACTIONS

Upon completion of the Tremend Yield Disposal, Tysan Property will cease to have interest in Tremend Yield.

Based on the consideration of HK\$21,875,144 less the carrying value of the interests in Tremend Yield of approximately the same amount as at 31 October 2014, the Tremend Yield Disposal is not expected to have any profit or loss attributable to the Company. The actual gain or loss from the Tremend Yield Disposal to be recorded by the Company will depend on the financial position of Tremend Yield as at the completion date of Tremend Yield Disposal.

Upon completion of the Tysan Engineering Disposal, Tysan Construction will cease to have interest in Tysan Engineering and its subsidiaries.

Based on the consideration of HK\$5,793,752 less the carrying value of the interests in Tysan Engineering of approximately HK\$6,617,176 as at 31 October 2014, the Tysan Engineering Disposal is expected to give rise to a loss attributable to the Company of approximately HK\$823,424. The actual gain or loss from the Tysan Engineering Disposal to be recorded by the Company will depend on the financial position of Tysan Engineering as at the completion date of Tysan Engineering Disposal.

The Company intends to apply such the net proceeds resulting from the disposals as working capital for its core business.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Victor Fung, as the vice chairman and managing director of the Company, is a connected person of the Company under the Listing Rules. The entering into the Tremend Yield Disposal and Tysan Engineering Disposal constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the Tremend Yield Disposal and the Tysan Engineering Disposal are, together, less than 5%, the Connected Transactions are each subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirements under the Listing Rules.

Mr. Victor Fung, as purchaser, has material interest in the transaction and therefore abstained from voting on the board resolution approving the Connected Transactions.

DEFINITIONS

The following defined terms are used in this announcement:

“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 687)
“Business Day”	a day other than a Saturday, Sunday or public holiday on which banks are open in Hong Kong to the general public for business
“connected person”	bears the meaning ascribed to it under the Listing Rules
“Connected Transactions”	the Tremend Yield Disposal and Tysan Engineering Disposal
“connected transactions”	the meaning ascribed to it under the Listing Rules
“Director(s)”	a director or directors of the Company, as the case may be
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Victor Fung”	Mr. FUNG Chiu Chak, Victor, the vice chairman and managing director of the Company
“Property”	the property situated at Ground Floor of Fortune Court, 8 Fuk Tsun Street, Tai Kok Tsui, Kowloon, Hong Kong
“Shareholders”	the holder of share(s) in the Company
“Tremend Yield”	Tremend Yield Limited, a limited liability company incorporated in Hong Kong

“Tremend Yield Disposal”	the disposal of the Tremend Yield Sale Shares and the assignment of the Tremend Yield Loan by Tysan Property to Mr. Victor Fung pursuant to the Tremend Yield Disposal Agreement
“Tremend Yield Disposal Agreement”	the agreement relating to the sale and purchase of the Tremend Yield Sale Shares signed on 11 December 2014 between Tysan Property and Mr. Victor Fung
“Tremend Yield Loan”	the interest free loan advanced by Tysan Property to Tremend Yield in the principal amount of HK\$6,404,000
“Tremend Yield Sale Shares”	2 ordinary shares in the issued share capital of Tremend Yield, registered in the name of Tysan Property
“Tysan Construction”	Tysan Construction Company Limited, a wholly-owned limited liability subsidiary of the Company incorporated in Hong Kong
“Tysan Engineering”	Tysan Engineering Company Limited, a limited liability company incorporated in Hong Kong
“Tysan Engineering (HK)”	Tysan Engineering (H.K.) Company Limited, a wholly-owned limited liability subsidiary of Tysan Engineering incorporated in Hong Kong
“Tysan Engineering Disposal”	the disposal of the Tysan Engineering Sale Shares and the assignment of the Tysan Engineering Loan by Tysan Construction to Mr. Victor Fung pursuant to the Tysan Engineering Disposal Agreement
“Tysan Engineering Disposal Agreement”	the agreement relating to the sale and purchase of the Tysan Engineering Sale Shares signed on 11 December 2014 between Tysan Construction and Mr. Victor Fung
“Tysan Engineering Loan”	the interest free loan advanced by Tysan Construction to Tysan Engineering in the principal amount of HK\$6,433,000
“Tysan Engineering Sale Shares”	7,000 ordinary shares in the issued share capital of Tysan Engineering, registered in the name of Tysan Construction

“Tysan Management”	Tysan Management Limited, a wholly-owned limited liability subsidiary of the Company incorporated in Hong Kong
“Tysan Property”	Tysan Property Development & Investment Limited, a wholly-owned limited liability subsidiary of the Company incorporated in Hong Kong

By Order of the Board
TYSAN HOLDINGS LIMITED
Lau Kin Fai
Executive Director

Hong Kong, 11 December 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