
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or other registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tysan Holdings Limited, you should at once hand this Composite Document, together with the accompanying Form of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer.

The Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, 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 Composite Document and the accompanying Form of Acceptance.



HNA FINANCE I CO., LTD.

(incorporated in Anguilla with limited liability)

TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE MANDATORY UNCONDITIONAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF HNA FINANCE I CO., LTD. TO ACQUIRE ALL OF THE ISSUED SHARES OF TYSAN HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY HNA FINANCE I CO., LTD. AND PARTIES ACTING IN CONCERT WITH IT)

Joint financial advisers to HNA Finance I Co., Ltd.



**HONG KONG INTERNATIONAL
CAPITAL MANAGEMENT LIMITED**



**建银国际
CCB International**

CCB INTERNATIONAL CAPITAL LIMITED

**Independent Financial Adviser to the Independent Board Committee of
Tysan Holdings Limited**

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CCBI containing, among other things, the principal terms of the Offer is set out on pages 7 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 22 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its advice is set out on pages 25 to 51 of this Composite Document.

The procedures for acceptance and settlement and the acceptance period of the Offer is set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the First Closing Date (or such later time and/or date as HNA Finance I may decide and announce in accordance with the Takeovers Code).

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Overseas Shareholders" in the letter from CCBI and Appendix I to this Composite Document before taking any action. It is the responsibility of any person wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Each such person is advised to seek professional advice on deciding whether to accept the Offer.

7 July 2016

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Form of Acceptance are to Hong Kong times and dates.

Despatch Date of this Composite Document and
the accompanying Form of Acceptance and
the commencement of the Offer⁽¹⁾ Thursday, 7 July 2016

Latest time and date for acceptance
of the Offer^{(2), (4)} 4:00 p.m. on Thursday, 28 July 2016

First Closing Date⁽²⁾ Thursday, 28 July 2016

Announcement of the results of the Offer as
at the First Closing Date, or as to whether
the Offer has been revised or extended,
on the website of the Stock Exchange⁽²⁾ By 7:00 p.m. on Thursday, 28 July 2016

Latest date for posting of remittances to
Independent Shareholders for the amounts
due under the Offer in respect of valid
acceptances received under the Offer⁽³⁾ Monday, 8 August 2016

Notes:

1. The Offer, which is unconditional in all respects, is made on Thursday, 7 July 2016, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016 unless HNA Finance I revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Thursday, 28 July 2016 stating whether the Offer has been extended or revised or has expired. In the event that HNA Finance I decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not yet accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

EXPECTED TIMETABLE

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty arising therefrom and, if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates) payable for the Offer Shares tendered under the Offer will be made to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Independent Shareholders accepting the Offer.

4. If there is a tropical cyclone warning signal no. 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. (Hong Kong time) on the same day; or

 - (b) in force in Hong Kong at any local time between 12:00 noon (Hong Kong time) and 4:00 p.m. (Hong Kong time) on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. (Hong Kong time) on the following Business Day.

IMPORTANT NOTICES

NOTICE TO U.S. SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States. In addition, U.S. holders of Shares should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differ from those of the United States. The Offer is being extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom or otherwise in accordance with the requirements of the SFO.

Accordingly, the Offer will comply with the relevant Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which may be different from those applicable under U.S. domestic tender offer procedures and laws. The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

The financial information of the Company included in this Composite Document has been extracted from the audited financial statements for the two years ended 31 March 2014 and 31 March 2015 and the consolidated financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be wholly comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, because CCBI, HNA Finance I and the Company are located in countries other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. In addition, most of the assets of CCBI, HNA Finance I and the Company are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult for U.S. holders of Shares to effect service of process within the United States upon CCBI, HNA Finance I or the Company or their respective officers or directors, to enforce against them a judgment of a U.S. court or them or their affiliates to subject themselves to a U.S. court judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, HNA Finance I hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law and is made outside the United States, and (ii) the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and will be available on the website of the SFC at <http://www.sfc.hk/>.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS (OTHER THAN U.S. SHAREHOLDERS)

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, the procedure and disclosure requirements of laws, regulations and rules of which may be different to those in other jurisdictions. The ability of Independent Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the Offer may be subject to the laws and regulations of the relevant jurisdictions. It is the responsibility of each such Independent Shareholder to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes due from such Independent Shareholder in such relevant jurisdictions. For further discussion, please refer to the section headed “Overseas Shareholders” in the “Letter from CCBI” and Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCBC Facility Agreement”	a HK\$2,619,000,000 committed term loan facility agreement dated 13 April 2016 entered into between Hong Kong HNA Holding Group Co. Limited and China Construction Bank Corporation, Hong Kong Branch, which has been subsequently amended by the CCBC Supplemental Agreement
“CCBC Supplemental Agreement”	a supplemental facility agreement to the CCBC Facility Agreement dated 6 June 2016 entered into between Hong Kong HNA Holding Group Co. Limited and China Construction Bank Corporation, Hong Kong Branch
“CCBI”	CCB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, one of the joint financial advisers to HNA Finance I
“CCBIS Facility Agreement”	a HK\$995,000,000 margin loan facility agreement dated 15 April 2016 entered into among HNA Finance I, Hong Kong HNA Holding Group Co. Limited and CCB International Securities Limited
“Closing Date”	the First Closing Date or any subsequent closing date of the Offer if it is extended or revised in accordance with the Takeovers Code
“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 (Stock Code: 687)
“Composite Document”	this composite offer and response document jointly issued by HNA Finance I and the Company to the Shareholders in accordance with the Takeovers Code in relation to the Offer

DEFINITIONS

“Concert Parties”	in relation to HNA Finance I, persons acting in concert with HNA Finance I
“controlling shareholder”	has the meaning given to it in the Takeovers Code
“Deed of Undertaking”	the deed of undertaking dated 19 April 2016 given by Tides Holdings II in favour of HNA Finance I under which Tides Holdings II has irrevocably undertaken to HNA Finance I that, amongst other things, it will not accept the Offer in respect of any Shares held by it or any party acting in concert with it
“Despatch Date”	7 July 2016, being the date of despatch of this Composite Document
“Director(s)”	director(s) of the Company
“Encumbrance”	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Closing Date”	28 July 2016, being the first closing date of the Offer
“Forecast”	the forecast of the consolidated results attributable to equity holders of the Company for the six months ending 30 September 2016 and the full financial year ending 31 March 2017
“Form of Acceptance”	the form of acceptance and transfer of Offer Shares in respect of the Offer
“Fortunate Pool”	Fortunate Pool Limited (祥澤有限公司), a company incorporated in Hong Kong with limited liability which is wholly owned by Mr. Fung
“Foundation Sale Shares”	in aggregate, 40 issued shares of TFHK, representing in aggregate 40% of the issued shares of TFHK
“Foundation SPA”	the sale and purchase agreement dated 19 April 2016 entered into among the Company, Fortunate Pool and Mr. Fung in relation to the sale by Fortunate Pool and purchase by the Company of the Foundation Sale Shares

DEFINITIONS

“Foundation Transaction”	the sale and purchase of the Foundation Sale Shares pursuant and subject to the terms and conditions of the Foundation SPA; phase 1 of which, relating to the sale and purchase of 35 issued shares of TFHK (representing 35% of the issued shares of TFHK), was completed on 4 July 2016
“Group”	the Company and its subsidiaries
“HKICM”	Hong Kong International Capital Management Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, one of the joint financial advisers to HNA Finance I
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HNA Finance I”	HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and a wholly-owned subsidiary of HNA Group Co., Ltd.
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee established pursuant to the Takeovers Code to give recommendations to the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer
“Independent Shareholders”	in respect of the Offer, the Shareholders apart from HNA Finance I and its Concert Parties
“Initial Announcement”	the initial announcement issued by the Company dated 9 March 2016 made pursuant to Rule 3.7 of the Takeovers Code

DEFINITIONS

“Joint Announcement”	the joint announcement issued by HNA Finance I and the Company dated 19 April 2016 in relation to, among other things, the Tides Transaction and the Offer made pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Date Before Initial Announcement”	8 March 2016, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Initial Announcement
“Last Trading Date Before Joint Announcement”	19 April 2016, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Joint Announcement
“Latest Practicable Date”	4 July 2016, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Incentive Scheme”	the management incentive and retention plan adopted by the Company in the year ended 31 March 2015, as stated in the Company’s annual report for the year ended 31 March 2015, in favour of its executive Directors and the Group’s senior management, for payments to participants calculated by reference to dividends declared by the Company and the value of the Company as determined at the time of a change of control of the Company
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, the vice chairman, managing director and an executive Director of the Company
“Offer”	the mandatory unconditional cash offer made by CCBI on behalf of HNA Finance I to the Independent Shareholders to acquire all Shares not already owned by HNA Finance I and its Concert Parties at the Offer Price in accordance with the terms set out in this Composite Document and any subsequent revision or extension of the Offer
“Offer Period”	has the meaning given to it under the Takeovers Code, which, in respect of the Offer, means the period from the date of the Initial Announcement until the Closing Date
“Offer Price”	HK\$4.53 per Offer Share
“Offer Shares”	the Shares which are subject to the Offer

DEFINITIONS

“Overseas Shareholders”	Shareholders whose addresses, as shown on the register of members of the Company, are outside of Hong Kong
“PRC”	the People’s Republic of China, which expression, solely for the purpose of construing this Composite Document, except where the context requires, does not include Hong Kong, Macau or Taiwan
“Profit Warning Announcement”	the profit warning announcement published by the Company dated 4 July 2016
“Registrar”	Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, being the branch share registrar of the Company in Hong Kong for receiving and processing acceptances of the Offer in respect of the Offer Shares which are listed on the Stock Exchange
“Relevant Period”	the period commencing on 9 September 2015, being the date falling six months prior to date of the Initial Announcement, and ending on and including the Latest Practicable Date
“Security Deed”	the security deed dated 30 June 2016 entered into by HNA Finance I in favour of CCB International Securities Limited over certain assets including, amongst other things, 577,279,496 Shares as security for the CCBIS Facility Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TFHK”	Tysan Foundation (Hong Kong) Limited, a private limited company incorporated in Hong Kong and a subsidiary of the Company, owned as to 95% by the Company and as to 5% by Fortunate Pool as at the Latest Practicable Date
“Tides Holdings II”	Tides Holdings II Ltd., a company incorporated in British Virgin Islands

DEFINITIONS

“Tides Sale Shares”	577,279,496 Shares, representing approximately 66% of the issued Shares as at the Latest Practicable Date
“Tides SPA”	the sale and purchase agreement dated 19 April 2016 between HNA Finance I and Tides Holdings II in relation to the sale by Tides Holdings II and purchase by HNA Finance I of the Tides Sale Shares
“Tides Transaction”	the sale and purchase of the Tides Sale Shares pursuant to the terms of the Tides SPA, which was completed on 30 June 2016
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“%”	per cent.
“*”	English translations of company names from the Chinese language are marked with “*” and are provided for identification purposes only

LETTER FROM CCBI



CCB INTERNATIONAL CAPITAL LIMITED

7 July 2016

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF HNA FINANCE I CO., LTD.
TO ACQUIRE ALL OF THE ISSUED SHARES OF
TYSAN HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY HNA FINANCE I CO., LTD. AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 19 April 2016, HNA Finance I and the Company jointly announced that, amongst other things, HNA Finance I and Tides Holdings II entered into the Tides SPA on 19 April 2016. Subject to and in accordance with the terms and conditions of the Tides SPA, HNA Finance I conditionally agreed to purchase and Tides Holdings II conditionally agreed to sell 577,279,496 Shares (representing approximately 66% of the issued Shares as at the Latest Practicable Date) for an aggregate consideration of HK\$2,615,076,116.88 (representing HK\$4.53 per Tides Sale Share), payable in cash on completion of the Tides Transaction.

On 30 June 2016, HNA Finance I and the Company jointly announced that completion of the Tides Transaction took place on 30 June 2016 and upon completion of the Tides Transaction, HNA Finance I and its Concert Parties held 577,279,496 Shares (representing approximately 66% of the issued Shares as at the Latest Practicable Date) and Tides Holdings II remained interested in 78,719,931 Shares (representing approximately 9% of the issued Shares as at the Latest Practicable Date). As at the Latest Practicable Date, Tides Holdings II was no longer a substantial shareholder of the Company.

In accordance with Rule 26.1 of the Takeovers Code, HNA Finance I is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties upon completion of the Tides Transaction.

LETTER FROM CCBI

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

UNCONDITIONAL OFFER

The Offer is unconditional in all respects and is therefore not conditional upon any minimum level of acceptances being received or subject to any other condition.

THE OFFER

On behalf of HNA Finance I, we hereby unconditionally make the Offer to acquire all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties on the following basis:

Offer Price

For each Offer Share.HK\$4.53 in cash

The Offer Price of HK\$4.53 for each Offer Share is equal to the purchase price paid by HNA Finance I for each Tides Sale Share under the Tides SPA. In accordance with the Takeovers Code, the Offer is extended to all Shareholders (including Overseas Shareholders) other than HNA Finance I and its Concert Parties. This letter, Appendix I to this Composite Document and the accompanying Form of Acceptance together set out the terms of the Offer and certain related information.

Comparisons of Value

The Offer Price represents:

- (a) a premium of 2.49% over the closing price of HK\$4.42 per Share as quoted on the Stock Exchange on the Last Trading Date Before Joint Announcement;
- (b) a premium of 13.53% over the closing price of HK\$3.99 per Share as quoted on the Stock Exchange on the Last Trading Date Before Initial Announcement;
- (c) a premium of 19.53% over the average closing price of HK\$3.79 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date Before Initial Announcement;
- (d) a premium of 39.81% over the average closing price of HK\$3.24 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Date Before Initial Announcement;
- (e) a premium of 41.12% over the average closing price of HK\$3.21 per Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Date Before Initial Announcement;

LETTER FROM CCBI

- (f) a premium of 36.86% over the average closing price of HK\$3.31 per Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Date Before Initial Announcement;
- (g) a premium of 36.04% over the average closing price of HK\$3.33 per Share as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Date Before Initial Announcement; and
- (h) a premium of 0.22% over the closing price of HK\$4.52 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Please refer to the section headed “3. Market Prices” in Appendix V to this Composite Document for further information on the market prices of the Shares.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$4.55 on 20 April 2016, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$2.85 on 20 January 2016, 21 January 2016 and 3 February 2016.

Final Dividend

As disclosed in the Joint Announcement, any final dividend for the year ended 31 March 2016 and any dividends, distributions and any return of capital declared before completion of the Tides Transaction in respect of the Tides Sale Shares shall accrue to HNA Finance I. On 29 June 2016, the Company announced that the Board resolved not to recommend any final dividend for the year ended 31 March 2016 to the Shareholders.

The Offer is subject to the term that acceptance of the Offer by any person will constitute a warranty by such person to HNA Finance I that the Shares acquired under the Offer are sold free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to any final dividend for the year ended 31 March 2016 and all other dividends, distributions and any return of capital, if any, declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptance

The Offer is capable of acceptance on and from Thursday, 7 July 2016 and will remain open for acceptance until Thursday, 28 July 2016, being the First Closing Date, unless extended or revised in accordance with the Takeovers Code. HNA Finance I reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016.

LETTER FROM CCBI

Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Please also refer to Appendix I to this Composite Document and the accompanying Form of Acceptance for further terms of the Offer.

CONFIRMATION OF FINANCIAL RESOURCES FOR THE OFFER

Based on the Offer Price of HK\$4.53 per Share and 874,665,903 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company was valued at approximately HK\$3,962,236,541.

The maximum cash amount to be paid to Independent Shareholders in respect of acceptances under the Offer is approximately HK\$990,559,136.28, based on the Offer Price of HK\$4.53 per Offer Share and 218,666,476 Offer Shares (being a total of 874,665,903 Shares in issue less (i) the Tides Sale Shares of 577,279,496 Shares held by HNA Finance I and (ii) the 78,719,931 Shares held by Tides Holdings II after completion of the Tides Transaction, in respect of which Tides Holdings II has undertaken not to accept the Offer pursuant to the Deed of Undertaking).

The Offer is unconditional in all respects. The total cash consideration will be funded by a committed term loan facility by China Construction Bank Corporation, Hong Kong Branch pursuant to the CCBC Facility Agreement (as amended and supplemented by the CCBC Supplemental Agreement) and a margin loan facility by CCB International Securities Limited pursuant to the CCBIS Facility Agreement. There is no arrangement in relation to such facilities under which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company. HKICM and CCBI have been appointed as the joint financial advisers to HNA Finance I in respect of the Offer. CCBI, as a joint financial adviser to HNA Finance I, is satisfied that sufficient financial resources are available to HNA Finance I to satisfy the amount of funds required for the full acceptance of the Offer.

INFORMATION ON HNA FINANCE I

HNA Finance I was incorporated in Anguilla on 2 February 2016 as a company with limited liability. It is an indirectly wholly-owned subsidiary of HNA Group Co., Ltd. (“**HNA Group**”) and an investment holding company established for the purpose of holding the Tides Sale Shares and any Shares acquired under the Offer. HNA Group is a PRC conglomerate encompassing six core divisions of aviation, holdings, capital, tourism, logistics and ecological technology. According to the Fortune Global 500 ranking released by the U.S. “Fortune” magazine in 2015, HNA Group ranked No. 464 among all companies in the world, with an annual revenue of about US\$25.6 billion.

As at the date of the Composite Document, the directors of HNA Finance I are Mr. Sun, Kin Ho Steven and Ms. Wang Xiaoqiong.

LETTER FROM CCBI

Controlling shareholder of HNA Finance I

HNA Group is held as to 70% by Hainan Traffic Administration Holding Co., Ltd.* (海南交通控股有限公司), whose ultimate controlling shareholder is Hainan Province Cihang Foundation* (海南省慈航公益基金會).

As at the date of the Composite Document, the directors of HNA Group are Mr. Chen Feng, Mr. Wang Jian, Mr. Li Xianhua, Mr. Tan Xiangdong, Mr. Chen Wenli, Mr. Lu Ying, Mr. Huang Gan, Mr. Zhang Ling and Mr. Huang Qijun.

HNA FINANCE I'S INTENTIONS IN RELATION TO THE COMPANY

Reasons for the Offer

Upon completion of the Tides Transaction, HNA Finance I became the controlling shareholder of the Company.

HNA Group is a PRC conglomerate which invests and operates in many industries. HNA Finance I considers the principal business of the Company to be compatible with the businesses of HNA Group. HNA Finance I intends to leverage on the Hong Kong presence of the Company to develop the businesses of HNA Group and to formulate business strategies for the Group following a review of the operations of the Company as further described in the section headed "Business" below. HNA Finance I considers the Offer to be in its and the Company's long term commercial interests.

Business

HNA Finance I intends that the Group will continue with its existing businesses. Subject to market conditions, HNA Finance I intends to provide funds, personnel, technology and other resources to support the Group's investment in and development of new projects, and raise the number of projects, asset value and brand recognition to a higher level, including by actively seeking potential business investment and development projects in the PRC and overseas.

HNA Finance I will, following the close of the Offer, conduct a more detailed review on the business operations and financial position of the Group for the purpose of formulating appropriate business plans and strategies and exploring other business opportunities for the future development of the Group in order to enhance the long-term growth potential of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise in the future, HNA Finance I may consider acquisitions of assets and/or businesses by the Group. As of the Latest Practicable Date, HNA Finance I had no plans for any acquisition by the Group of businesses and/or assets, or disposal, termination or scaling-down of the Group's existing businesses or assets.

Employment

HNA Finance I has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the section headed "Proposed change to the Board composition" below).

LETTER FROM CCBI

COMPULSORY ACQUISITION

HNA Finance I does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

MAINTAINING THE LISTING

HNA Finance I intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of HNA Finance I and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer, which may include HNA Finance I selling some of its Shares.

PROPOSED CHANGE TO THE BOARD COMPOSITION

The Board currently consists of eleven Directors, comprising (i) Mr. Fung, Mr. Chiu Chin Hung and Mr. Lau Kin Fai as executive Directors; (ii) Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard as non-executive Directors; and (iii) Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee as independent non-executive Directors.

Following completion of the Tides Transaction, it is intended that the resignation of Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard from the Board would take effect on the date immediately after 28 July 2016, being the First Closing Date. It is intended that Mr. Law Yiu Fat Richard will remain as an observer on the Board after his resignation for a period until nine months after completion of the Tides Transaction.

HNA Finance I will nominate four new Directors (including executive and non-executive Directors) to the Board with effect from a date no earlier than 28 July 2016, being the First Closing Date. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

OVERSEAS SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. HNA Finance I intends to make the Offer available to all Independent Shareholders, including Overseas Shareholders. As the Offer to Overseas Shareholders might be affected by the applicable laws of the relevant jurisdictions in which they are resident, any Overseas Shareholders who wish to accept the Offer should inform themselves about and observe any applicable requirements

LETTER FROM CCBI

in their own jurisdictions (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions) and, where necessary, consult their own professional advisers.

Acceptance of the Offer by any Overseas Shareholder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws.

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

Procedures for Acceptance of the Offer

To accept the Offer, you must complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Offer.

The completed Form of Acceptance should then be forwarded, together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the whole of your holding of the Shares or, if applicable, for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "**Tysan Offer**" on the envelope, as soon as practicable after receipt of these documents and in any event, so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the First Closing Date (or such later time and/or date as HNA Finance I may decide and announce with the consent of the Executive in accordance with the Takeovers Code). No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is also drawn to the section headed "Terms of the Offer" as set out in paragraph 1 of Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the Offer

Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the latest time for acceptance of the Offer unless the Offer is extended by HNA Finance I in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Independent Shareholder, less seller's *ad valorem* stamp duty (if any) payable by the relevant accepting Independent Shareholder and if applicable, the fees payable to the Registrar in respect of

LETTER FROM CCBI

lost or unavailable Share certificates, will be despatched to the relevant accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Stamp Duty

Seller's *ad valorem* stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each accepting Independent Shareholder at the rate of 0.1% of the consideration payable by HNA Finance I for such person's Shares or the market value of such person's Shares, whichever is higher, and will be deducted from the cash amount due to such person under the Offer.

HNA Finance I will pay the buyer's *ad valorem* stamp duty on its own behalf and the seller's *ad valorem* stamp duty on behalf of the accepting Independent Shareholders in respect of the Shares accepted under the Offer.

Nominee Registration

To ensure the equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their respective nominees.

TAXATION ADVICE

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of HNA Finance I, the Company, Tides Holdings II, HKICM, CCBI, the Independent Financial Adviser and the Registrar or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

This Composite Document does not include any information in respect of overseas taxation. Independent Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of Shares.

LETTER FROM CCBI

FURTHER TERMS OF THE OFFER

Further terms of the Offer (including the procedures for acceptance, the acceptance period and stamp duty payable by the Independent Shareholders who accept the Offer) are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 16 to 22, the “Letter from the Independent Board Committee” on pages 23 to 24 and the “Letter from the Independent Financial Adviser” on pages 25 to 51, all of which are contained in this Composite Document, in relation to their recommendations and/or advice regarding the Offer.

Your attention is also drawn to the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,
For and on behalf of
CCB International Capital Limited
Gilman Siu
Managing Director

LETTER FROM THE BOARD



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

Executive Directors:

FUNG Chiu Chak, Victor

(Vice Chairman and Managing Director)

CHIU Chin Hung

LAU Kin Fai

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

WANG Tianbing *(Chairman)*

Stuart Morrison GRANT

Justin WAI

LAW Yiu Fat Richard

*Head office and principal place of
business in Hong Kong:*

20th Floor, One Island South

No. 2 Heung Yip Road

Wong Chuk Hang

Hong Kong

Independent non-executive Directors:

FAN Chor Ho

TSE Man Bun

LUNG Chee Ming, George

LI Kit Chee

7 July 2016

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF HNA FINANCE I CO., LTD. TO ACQUIRE ALL OF
THE ISSUED SHARES OF TYSAN HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY HNA FINANCE I CO., LTD. AND
PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement pursuant to which HNA Finance I and the Company jointly announced on 19 April 2016 that, among other things, subject to and upon

LETTER FROM THE BOARD

completion of the Tides Transaction, CCBI would, on behalf of HNA Finance I, make a mandatory unconditional general offer in cash to acquire all of the issued Shares of the Company (other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties). On 30 June 2016, HNA Finance I and the Company jointly announced that completion of the Tides Transaction took place on 30 June 2016, upon which HNA Finance I and its Concert Parties held 577,279,496 Shares (representing approximately 66% of the issued Shares as at the Latest Practicable Date). In accordance with Rule 26.1 of the Takeovers Code, HNA Finance I is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties upon completion of the Tides Transaction.

Details of the principal terms together with information relating to the Offeror and the intentions of the Offeror in relation to the Group are set out in the “Letter from CCBI” in this Composite Document and further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The purpose of this Composite Document is to, among other things, (i) provide you with information relating to the Group and the Offer; (ii) set out the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders on the Offer; and (iii) set out the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders in relation to the Offer.

Unless the context requires otherwise, terms defined in this Composite Document, of which this letter forms part, shall have the same meanings when used herein.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all of the independent non-executive Directors has been established by the Board pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code to make recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. As at the date of this letter, the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee. Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard, being all the non-executive Directors, have not been included in the Independent Board Committee required to be established under the Takeovers Code, given that they are Directors nominated onto the Board by the ultimate shareholder of Tides Holdings II, the vendor in the Tides Transaction.

In addition, Anglo Chinese Corporate Finance, Limited, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser, to advise the Independent Board Committee as to the fairness and reasonableness of the Offer and as to acceptance of the Offer.

3. THE OFFER

Principal terms of the Offer

The following information about the Offer is based on the “Letter from CCBI” contained in this Composite Document.

LETTER FROM THE BOARD

On behalf of HNA Finance I, CCBI is unconditionally making the Offer to acquire all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties on the following basis:

Offer Price

For each Offer Share.HK\$4.53 in cash

The Offer Price of HK\$4.53 for each Offer Share is equal to the purchase price paid by HNA Finance I for each Tides Sale Share under the Tides SPA. In accordance with the Takeovers Code, the Offer is extended to all Shareholders (including Overseas Shareholders) other than HNA Finance I and its Concert Parties.

4. FURTHER INFORMATION ON THE OFFER

Please refer to the “Letter from CCBI” contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to the Offer, the making of the Offer to the Overseas Shareholders, taxation and acceptance and settlement procedures of the Offer.

The Offer is unconditional in all respects and is extended to all Independent Shareholders (including Overseas Shareholders) in accordance with the Takeovers Code.

5. UNDERTAKING NOT TO ACCEPT THE OFFER

As at the Latest Practicable Date, Tides Holdings II, formerly the controlling shareholder of the Company prior to the completion of the Tides Transaction, was interested in 78,719,931 Shares, representing approximately 9% of the issued Shares. Pursuant to the Deed of Undertaking, Tides Holdings II has undertaken to HNA Finance I that it will not accept the Offer in respect of the Shares held by Tides Holdings II.

6. AVAILABILITY OF THE OFFER TO OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “Overseas Shareholders” in the “Letter from CCBI” in this Composite Document.

7. PROPOSED CHANGE OF BOARD COMPOSITION

Your attention is drawn to the section headed “Proposed Change to the Board Composition” in the “Letter from CCBI” in this Composite Document.

In respect of existing Directors, it is intended that Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard will resign from the Board and that such resignations will take effect on the date immediately after 28 July 2016, being the First Closing Date. It is intended that Mr. Law Yiu Fat Richard will remain as an observer on the Board after his resignation for a period until nine months after completion of the Tides Transaction.

LETTER FROM THE BOARD

8. INFORMATION ON THE GROUP

The Company was incorporated in Bermuda on 6 February 1991 as an exempted company with limited liability. The Company became listed on the Main Board of the Stock Exchange on 26 March 1991, trading under the stock code 687.

As at the Latest Practicable Date, the Group was principally engaged in foundation piling, property development, property investment and management. Phase 1 of the Foundation Transaction, being the acquisition by the Company of 35 issued shares of TFHK (representing 35% of the issued shares of TFHK) from Fortunate Pool, was completed on 4 July 2016, as a result of which the interests of the Company in TFHK increased from 60% to 95%.

Your attention is drawn to the financial information of the Group set out in Appendix II and the general information of the Company set out in Appendix V to this Composite Document.

As at the Latest Practicable Date, there were 874,665,903 Shares in issue and there were no outstanding warrants or options or other securities carrying rights of conversion into or exchange or subscription for the Shares or derivatives issued by the Company.

9. PROFIT WARNING ANNOUNCEMENT AND FORECAST OF RESULTS

Reference is made to the Profit Warning Announcement in which the Company announced that after preliminary assessment by the Board based on information then available, (i) the Group did not expect a gain on disposal of subsidiaries of approximately HK\$113 million which occurred during the year ended 31 March 2016 to recur during the year ending 31 March 2017 and (ii) in view of an amount of approximately HK\$197.98 million payable under the Management Incentive Scheme after completion of the Tides Transaction, of which approximately HK\$192.41 million would be charged to the consolidated statement of profit or loss for the year ending 31 March 2017, there will be a significant and negative impact on the Group's financial results for the six months ending 30 September 2016 and the full financial year ending 31 March 2017. The payment under the Management Incentive Scheme is a one-off expense and following the completion of Tides Transaction, and there will be no more payments or entitlements under the Management Incentive Scheme.

As disclosed in the Profit Warning Announcement, pursuant to Rule 10 of the Takeovers Code, the Forecast constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the Company's auditors and the Independent Financial Adviser in accordance with Rule 10.4 of the Takeovers Code. In this regard, the Forecast has been reported on by the Independent Financial Adviser and Ernst & Young, the auditors of the Company, respectively. Ernst & Young is of the opinion that, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Directors as further detailed in the paragraph below headed "Bases and Assumptions in Preparing the Forecast" and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its financial statements for the year ended 31 March 2016. The Independent

LETTER FROM THE BOARD

Financial Adviser is satisfied that the Forecast has been made by the Directors with due care and consideration. Your attention is drawn to the report from the Independent Financial Adviser and the report from Ernst & Young on the Forecast set out in Appendix III and Appendix IV to this Composite Document, respectively.

10. BASES AND ASSUMPTIONS IN PREPARING THE FORECAST

The Directors have prepared the Forecast based on the unaudited consolidated results based on the management accounts of the Group for the two months ended 31 May 2016 and a forecast of the consolidated results of the Group for the four months ending 30 September 2016 and the six months ending 31 March 2017. The Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its financial statements for the year ended 31 March 2016, and has been compiled in accordance with the bases and assumptions including the following:

- (i) there will be no material changes in existing political, legal, fiscal, social or economic conditions in Hong Kong and the PRC;
- (ii) there will be no material changes in legislation or regulations in Hong Kong and the PRC materially affecting the business carried on by the Group;
- (iii) there will be no material changes in interest rates and exchange rates from those currently prevailing;
- (iv) there will be no wars, military incidents, pandemic diseases, or natural disasters that would have a material impact on the Group's businesses and operating activities;
- (v) there will be no material changes in the bases or rates of tax applicable to the activities of the Group or in the bases or rates of custom duties or levies in the territories in which the Group carries on business; and
- (vi) there will be no exceptional nor unforeseeable circumstances that will require provisions to be made by the Group in respect of any contingent liability, litigations, legal proceedings or arbitration threatened or otherwise, abnormal bad debts, incomplete contracts or other unexpected losses.

11. INFORMATION ON HNA FINANCE I

Your attention is drawn to the section headed "Information on HNA Finance I" in the "Letter from CCBI" contained in this Composite Document.

LETTER FROM THE BOARD

12. INTENTIONS OF HNA FINANCE I REGARDING THE COMPANY

The Board notes that, based on the information set out in the section headed “HNA Finance I’s Intentions in Relation to the Company” in the “Letter from CCBI” contained in this Composite Document, HNA Finance I intends that the Group will continue with its existing businesses. The Board further notes that, subject to market conditions, HNA Finance I intends to provide funds, personnel, technology and other resources to support the Group’s investment in and development of new projects, and raise the number of projects, asset value and brand recognition to a higher level, including by actively seeking potential business investment and development projects in the PRC and overseas. In addition, the Board notes that HNA Finance I has indicated that it will, following the close of the Offer, conduct a more detailed review on the business operations and financial position of the Group for the purpose of formulating appropriate business plans and strategies and exploring other business opportunities for the future development of the Group in order to enhance the long-term growth potential of the Group. The Board further notes that subject to the results of the review, and should suitable investment or business opportunities arise in the future, HNA Finance I may consider acquisitions of assets and/or businesses by the Group. The Board notes that HNA Finance I has stated that as of the Latest Practicable Date, it had no plans for any acquisition by the Group of businesses and/or assets, or disposal, termination or scaling-down of the Group’s existing businesses or assets.

The Board notes that HNA Finance I has indicated that it has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the section headed “Proposed Change to the Board Composition” in the “Letter from CCBI”).

13. MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from CCBI”, it is the intention of HNA Finance I to maintain the listing of Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

In the event that, at the close of the Offer, there is insufficient public float for the Shares and trading in the Shares may be suspended until a sufficient level of public float is attained, each of HNA Finance I and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer, which may include HNA Finance I selling some of its Shares.

LETTER FROM THE BOARD

14. RECOMMENDATION

Independent Shareholders are advised to read the “Letter from the Independent Board Committee” set out on pages 23 to 24 of this Composite Document and the “Letter from the Independent Financial Adviser” set out on pages 25 to 51 of this Composite Document before deciding on the actions to be taken on the Offer.

15. ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from CCBI” and the additional information contained in the appendices to this Composite Document and the accompanying Form of Acceptance.

You are recommended to consult your own professional advisers if you are in any doubt as to the tax and other implications of your acceptance of the Offer.

Yours faithfully,
By order of the Board
TYSAN HOLDINGS LIMITED
LAU KIN FAI
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

7 July 2016

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF HNA FINANCE I CO., LTD. TO ACQUIRE ALL OF
THE ISSUED SHARES OF TYSAN HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY HNA FINANCE I CO., LTD. AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to the composite offer and response document dated 7 July 2016, jointly issued by HNA Finance I and the Company (the “**Composite Document**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board as the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to make a recommendation as to acceptance of the Offer.

Anglo Chinese Corporate Finance, Limited has been appointed as the independent financial adviser to advise us in respect of the Offer and its terms and conditions. Your attention is drawn to the “Letter from the Independent Financial Adviser” set out on pages 25 to 51 of this Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendations in respect of the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also draw your attention to the Letter from CCBI and the Letter from the Board as set out in the Composite Document, as well as the information set out in the appendices to the Composite Document.

Having considered the terms of the Offer, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders who wish to realise their investment in the Shares should monitor the Share price performance. Should the market price of the Shares exceed the Offer Price, those Independent Shareholders who wish to accept the Offer should consider realising their investments on the stock market. However, those Shareholders who are attracted by the future prospects of the Group should consider retaining some or all of their interest in the Shares.

The Independent Shareholders are recommended to read the full text of the Letter from the Independent Financial Adviser on pages 25 to 51 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders are strongly advised that the decision to realise or to hold your investment in the Shares is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offer.

Yours faithfully,
Independent Board Committee
of
Tysan Holdings Limited

Fan Chor Ho

Tse Man Bun

Lung Chee Ming, George

Li Kit Chee

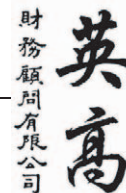
Independent non-executive Directors

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this document.

ANGLO CHINESE

CORPORATE FINANCE, LIMITED
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinesegroup.com



7 July, 2016

Independent Board Committee and the Independent Shareholders
Tysan Holdings Limited
20/F One Island South
2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Dear Sirs,

**Mandatory Unconditional Cash Offer
by CCB International Capital Limited on behalf of
HNA Finance I Co., Limited
to acquire all of the issued shares of
Tysan Holdings Limited
(other than those Shares already owned or agreed to be acquired by
HNA Finance I Co., Ltd. and parties acting in concert with it)**

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer which is the mandatory unconditional cash offer to be made by CCBI on behalf of HNA Finance I to acquire all the Shares not already owned or agreed to be acquired by HNA Finance I and its Concert Parties. Capitalised terms defined in the composite document dated 7 July, 2016 (the “**Composite Document**”), of which this letter forms part, shall have the same meaning when used in this letter unless the context requires otherwise.

The Independent Board Committee comprising Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard, being all the non-executive Directors, have not been included

LETTER FROM INDEPENDENT FINANCIAL ADVISER

in the Independent Board Committee required to be established under the Takeovers Code, given that they are Directors nominated onto the Board by the ultimate shareholder of Tides Holdings II, the vendor in the Tides Transaction.

BACKGROUND

Tides Transaction

On 9 March, 2016, the Company issued an announcement pursuant to Rule 3.7 of the Takeovers Code and stated that the Company has been informed by Tides Holdings II, (the then controlling shareholder of the Company) that it had been approached by, and was in preliminary discussions with an independent third party in connection with a possible acquisition of interests in the Company. The initial announcement of 9 March, 2016 stated that such discussions were still in progress and no legally binding arrangements had been entered into in respect of any possible acquisition, and there was no certainty that any possible acquisition would proceed or that it would lead to a mandatory general offer for the Company.

Later, the Company issued an announcement dated 1 April, 2016 (known as “**1 April Announcement**”) pursuant to Rule 3.7 of the Takeovers Code and disclosed (i) the potential sale of 66% shareholding interest in the Company by Tides Holdings II to HNA Finance I for an aggregate cash sum of HK\$2,615,076,116.88, representing HK\$4.53 per Sale Share; and (ii) if this potential sale were to proceed on the said terms, it would result in HNA Finance I acquiring a controlling stake in the Company, thereby triggering a mandatory unconditional general offer under Rule 26.1 of the Takeovers Code for the Company.

In an announcement dated 19 April, 2016 (after trading hours), the Company and HNA Finance I jointly announced amongst other things that (i) CCBI would, on behalf of HNA Finance I, subject to completion of the Tides Transaction, make the Offer; and (ii) the Company, Fortunate Pool and Mr. Fung had entered into the Foundation SPA, pursuant to which the Company had conditionally agreed to purchase and Fortunate Pool had conditionally agree to sell, the Foundation Sale Shares, which represented 40% of the issued shares of TFHK on 19 April, 2016. (The announcement dated 19 April, 2016 is known as “**Joint Announcement**”.) The Tides Transaction is the sale and purchase of the Tides Sale Shares (or 577,279,496 Shares, representing approximately 66% of the issued Shares) pursuant to the terms of the Tides SPA.

As mentioned above, the making of the Offer is subject to completion of the Tides Transaction which is in turn subject to satisfaction of the Tides Conditions Precedent.

On 30 June, 2016, the Company and HNA Finance I jointly announced that completion of the Tides Transaction took place on 30 June, 2016.

Immediately upon completion of the Tides Transaction, HNA Finance I and its Concert Parties held 577,279,496 Shares, representing approximately 66% of the issued Shares, and Tides Holdings II (the vendor of the Tides Sale Shares) was interested in 78,719,931 Shares, representing approximately 9% of the issued Shares on 30 June, 2016. Tides Holdings II has undertaken that it would not accept the Offer in respect of the Shares held by it.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Following completion of the Tides Transaction and pursuant to Rule 26.1 of the Takeovers Code, HNA Finance I is making a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties. The Offer is being made on the following basis:

For each Offer Share HK\$4.53 in cash

The Offer will be subject to the term that acceptance of the Offer by any person will constitute a warranty by such person to HNA Finance I that the Shares acquired under the Offer are sold free from all encumbrances and together with all rights and benefits attaching to them as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to any final dividend for the year ended 31 March, 2016 and all other dividends, distributions and any return of capital, if any, declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document.

The Offer Price of HK\$4.53 for each Offer Share is equal to the price paid by HNA Finance I for each Tides Sale Share under the Tides SPA. Save pursuant to the Tides SPA, HNA Finance I and its Concert Parties have not dealt in the Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

As at 30 June, 2016, being the date of completion of the Tides Transaction, there were 874,665,903 Shares in issue. The Company did not as at 30 June, 2016 have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares.

Completion of the Foundation SPA

Phase 1 Completion relating to the Foundation SPA took place, and the interest of the Company in TFHK increased from 60% to 95% of TFHK, on 4 July, 2016. Following Phase 1 Completion, the Company will continue to consolidate the results of TFHK into its financial statements. Pursuant to the Foundation SPA, Phase 2 Completion will take place on a date within 12 months of 30 June, 2016, being the date of completion of the Tides Transaction, after which TFHK will then become a wholly owned subsidiary of the Company.

Final dividend payment to the Company, a shareholder of TFHK

Under the Foundation SPA, the Company, Fortunate Pool and Mr. Fung would procure that, subject to the laws of Hong Kong, TFHK would declare a final dividend for the year ended 31 March, 2016 to be paid to the shareholders of TFHK (being the Company, a 60% shareholder, and Fortunate Pool, a 40% shareholder) on or before the date of completion of the Tides Transaction. Under the terms of the Foundation SPA, such final dividend would be equivalent to 50% of the difference between TFHK's audited consolidated net profits for the year ended 31 March, 2016 and unaudited consolidated net profits for the six months' period ended 30 September, 2015. The management of the Company has confirmed to us that it does not consider that the payment of the final dividend to the shareholders of TFHK, which is directly related to the profitability of TFHK, will place strain on the working capital requirements of TFHK.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Information on the Offeror

HNA Finance I was incorporated in Anguilla on 2 February, 2016 as a company with limited liability. It is an indirectly wholly owned subsidiary of HNA Group and an investment holding company established for the purpose of holding the Tides Sale Shares and any Shares acquired under the Offer. HNA Group is a PRC conglomerate encompassing six core divisions of aviation, holdings, capital, tourism, logistics and ecological technology. According to the Fortune Global 500 ranking released by the U.S. “Fortune” magazine in 2015, HNA Group ranked number 464 among all companies in the world, with an annual revenue of about US\$25.6 billion. HNA Group is held as to 70% by Hainan Traffic Administration Holding Co., Ltd. (海南交管控股有限公司), whose ultimate controlling shareholder is Hainan Province Cihang Foundation (海南省慈航公益基金會)。

Shareholding structure of the Company immediately before and following completion of the Tides Transaction

As at the date of the Joint Announcement, HNA Finance I and its Concert Parties did not have any interest in the Shares other than the rights to acquire the Tides Sale Shares pursuant to the Tides SPA.

The table below sets out the shareholding structure of the Company (i) as at the date of the Joint Announcement and (ii) immediately after completion of the Tides Transaction but before commencement of the Offer.

	As at 19/4/2016, the date of the Joint Announcement and immediately prior to completion of the Tides Transaction		Immediately after completion of the Tides Transaction but before commencement of the Offer	
	No. of Shares held	Shareholding percentage %	No. of Shares held	Shareholding percentage %
HNA Finance I and its Concert Parties	0	0	577,279,496	66
Tides Holdings II	655,999,427	75	78,719,931	9
Public Shareholders	<u>218,666,476</u>	<u>25</u>	<u>218,666,476</u>	<u>25</u>
Total	<u><u>874,665,903</u></u>	<u><u>100</u></u>	<u><u>874,665,903</u></u>	<u><u>100</u></u>

LETTER FROM INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the information, opinions and the facts supplied to us by the Company, including those contained or referred to in the Composite Document and related announcements of the Company. We have reviewed the published information on the Group, including its annual reports for the past three years, the last of which ended on 31 March, 2015; its 2015/2016 annual results announcement; published unaudited interim results for the six months ended 30 September, 2014 and 2015; its profit warning announcement dated 4 July, 2016; the financial data of comparable listed companies in Hong Kong and their respective trading prices. We have also discussed with the management of the Company the prospects of the Group.

We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company and, or the Directors, and have been advised by the Directors that no material information has been omitted or withheld from the information supplied to us or the information relating to the Group referred to in this Composite Document. We have relied on the information so provided to us and referred to in this Composite Document, and we have not verified it or conducted independent investigation into the business and affairs of the Group.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby we will receive any benefits from the Group or any of its associates.

We acted as an independent financial adviser in relation to the Foundation Transaction, a connected and major transaction of the Company announced on 19 April, 2016. Given the nature of our previous role, we consider that such relationship would not affect our independence.

PRINCIPAL FACTORS AND CONSIDERATIONS

The following are the principal factors which we have taken into account in assessing the fairness and reasonableness of the Offer and in giving our advice to the Independent Board Committee and the Independent Shareholders:

Financial performance of the Group

The Company is principally engaged in a wide range of foundation piling and related works, property development and property investment and management. According to a report¹ prepared by an independent market consultant, the Group is a market leading company and ranked first, by revenue, in the foundation industry for three consecutive years from 2012 to 2014 in Hong Kong, and the Group took up about 15.4% of market share in 2014 in terms of revenue generated in the piling construction industry in Hong Kong. During the past three financial years, the last of which ended on

¹ The above mentioned report had not been updated to include market data up to 2015.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

31 March, 2016 and up to the Latest Practicable Date, the Group completed a total of 54 foundation projects in Hong Kong and Macau, with a total contract sum of approximately HK\$11,283 million. The Group primarily acts as the main contractor in its foundation projects, and to a lesser extent, as the subcontractor.

Set out below is a summary of the details relating to the Group's property development projects in the PRC based on the Group's 2015/2016 annual results announcement:

Table 1

	Name of development	Location	Usage	Gross Floor Area (GFA) square metres (sq. m.)	Unsold residential area as at 31/3/2016 (sq. m.)	Unsold car park spaces	Unsold non-residential area as at 31/3/2016 (sq. m.)
1.	The Waterfront	Shanghai, PRC	Residential	147,000 sq. m.	1,000 sq. m.,	31 car park units	4,800 sq. m., representing retail shops and a historic building
2.	The Riverside	Tianjin, PRC	Residential	75,000 sq. m. (6 towers)	7,600 sq. m.	164 car park units	3,900 sq. m., representing retail shops and a clubhouse
3.	The Pinnacle	Shenyang, PRC	Residential and commercial	165,000 sq. m.	96,200 sq. m.	1,049 car park units	62,665 sq. m. , representing retail shops, a clubhouse, and a commercial building

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Tables 2 and 3 below are a summary of the consolidated statements of profit or loss, and segment results of the Group for the three years ended 31 March, 2014, 2015 and 2016.

Table 2

	Year ended 31 March		
	2014	2015	2016
	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i>
Foundation piling	2,471,234	3,752,214	3,018,427
Property development	967,630	991,260	959,964
Property investment & management	13,181	13,128	26,177
Corporate and others, and eliminations	52,348	79,811	52,748
Total Revenue	3,504,393	4,836,413	4,057,316
Cost of sales	(2,859,975)	(3,977,313)	(3,132,343)
Gross profit	644,418	859,100	924,973
<i>Gross profit margin</i>	18.4%	17.8%	22.8%
Other income and gains	33,161	42,319	146,411
Selling expenses	(51,926)	(42,431)	(50,767)
Administrative expenses	(89,338)	(46,889)	(54,627)
Change in fair value of investment properties	37,494	33,121	32,390
Other expenses, net	(23,009)	(7,303)	(35,047)
Finance costs	(23,108)	(14,706)	(11,496)
Share of profits of associates	3,301	—	—
Loss on disposal of interests in associates	(11,335)	—	—
Profit before tax	519,658	823,211	951,837
Income tax expense	(240,694)	(317,045)	(439,329)
Profit for the year	278,964	506,166	512,508
Attributable to:			
Shareholders of the Company	270,020	399,394	396,874
Non-controlling interests	8,944	106,772	115,634
	<u>278,964</u>	<u>506,166</u>	<u>512,508</u>
<i>Net profit margin</i>	8.0%	10.5%	12.6%
Earnings per share attributable to shareholders of the Company			
- Basic (HK cents)	30.90	45.66	45.37
- Diluted (HK cents)	30.90	N/A	N/A
Dividend paid during the year/period	43,633	131,200	306,133
Interim dividend per share (HK cents)	Nil	5.0	20.0
Final dividend per share (HK cents)	10.0	15.0	Nil

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Table 3 - Segment results

	Year ended 31 March		
	2014	2015	2016
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Foundation piling	188,605	320,938	393,907
Property development	428,770	580,102	515,014
Property investment & management	15,083	(40,356)	123,973
Corporate and others, including unallocated amounts	(105,124)	(49,207)	(90,409)
Total Segment Results (Note)	527,334	811,477	942,485

Note: Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, and fair value gains/losses from the Group's financial instruments are excluded from such measurement.

Year ended 31 March, 2016 compared to the previous financial year

Turnover of the Group's foundation business for the year ended 31 March, 2016 decreased by 20% to approximately HK\$3,018 million compared to the previous financial year (2015: HK\$3,752 million), and contribution from this segment increased 1.2 times to approximately HK\$394 million (2015: HK\$321 million) on the back of increased construction activities and public spending on infrastructure. Earnings before interest, tax, depreciation and amortisation, or EBITDA, from the foundation piling segment increased 19% from HK\$381 million in 2014/2015 financial year to HK\$455 million for the year ended 31 March, 2016. EBITDA margin for the foundation business increased 5% to 15% for the year ended 31 March, 2016. During the year under review, the Group's major foundation contracts on hand included the Passenger Clearance Building for the Hong Kong-Zhuhai-Macau Bridge, public housing developments in Tung Chung Area 39, Pak Tin Estates, Wong Tai Sin, private residential developments in Tseung Kwan O and North Point, and commercial developments in Wong Chuk Hang, Kwun Tong, Pak Shek Kok and Yuen Long.

The Group's property development business segment contributed profit of approximately HK\$515 million during the year ended 31 March, 2016, representing a decrease of 11% compared to the contribution of HK\$580 million for the previous financial year. *The Waterfront* in Shanghai, which had a relatively small inventory of unsold units (as shown in Table 1 above), contributed profit of HK\$302 million (2015: HK\$414 million) and *The Riverside* in Tianjin contributed profit of HK\$228 million (2015: HK\$166 million) during the year ended 31 March, 2016. According to the 2015/2016 annual results announcement of the Group, construction works of *The Pinnacle* in Shenyang are expected to be completed by the end of June, 2016. The pre-sale programme of four residential towers (out of eight) of *The Pinnacle* was launched in July, 2015 and pre-sale of the remaining towers commenced in October, 2015. Sale contracts for 31 residential units (occupying a total area of about 2,855 square metres) were executed by the end of September, 2015 and delivery of these units are expected to take place in the fourth quarter of 2016. Net profit attributable to shareholders of the Company decreased slightly by HK\$2.5 million, or 0.63% to HK\$396.9 million for the year ended 31 March, 2016 (2015: HK\$399.4 million).

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Year ended 31 March, 2015 compared to the previous financial year

Turnover of the Group's foundation business for the year ended 31 March, 2015 increased 52% to approximately HK\$3,752 million compared to the previous financial year (2014: HK\$2,471 million), and contribution from this segment increased 1.7 times to approximately HK\$321 million (2014: HK\$189 million) principally driven by strong demand for construction services and marked increase in both public and private housing development activities in Hong Kong. During the 2014/2015 financial year, the Group's major foundation contracts on hand included the Passenger Clearance Building for the Hong Kong—Zhuhai-Macau Bridge, public housing developments in Tung Chung Area 39, Pak Tin Estates, Kai Tak and the former Wholesale Food Market at Cheung Sha Wan, private residential developments in Kai Tak, Tseung Kwan O, and Kwun Tong and commercial development in Wong Chuk Hang and Quarry Bay. Earnings before interest, tax, depreciation and amortisation, or EBITDA, from the foundation piling segment increased 56% from HK\$245 million in 2013/2014 financial year to HK\$381 million for the year ended 31 March, 2015. EBITDA margin for the foundation business remained stable at 10%. The Group's property development business contributed profit of approximately HK\$580 million during the year ended 31 March, 2015, representing an increase of 35% compared to the contribution of HK\$428.8 million for the previous financial year. *The Waterfront* in Shanghai contributed profit of HK\$414 million (2014: HK\$258 million) and *The Riverside* in Tianjin contributed profit of HK\$166 million (2014: HK\$199 million) during the year ended 31 March, 2015. Construction works of *The Pinnacle* in Shenyang was in progress. On the back of increased revenue and reduced expenses, including administrative and selling expenses, net profit attributable to shareholders of the Company increased HK\$129.4 million, or 48% to HK\$399.4 million for the year ended 31 March, 2015 (2014: HK\$270.0 million).

Profit Warning Announcement

According to the announcement of the Company dated 4 July, 2016, the Board made a preliminary assessment based on information then available and informed the Shareholders that (i) it did not expect a gain on disposal of subsidiaries of approximately HK\$113 million which occurred during the year ended 31 March, 2016 to recur in the year ending 31 March 2017; and (ii) in view of an amount of approximately HK\$192.41 million which would be charged to the consolidated profit and loss account for the year ending 31 March, 2017, there would be a significant and negative impact on the Group's financial results for the six months ending 30 September, 2016 and the year ending 31 March, 2017. As a result of completion of the Tides Transaction, payments of approximately HK\$197.98 million under the Management Incentive Scheme became payable. The abovementioned amount of HK\$192.41 million is determined after taking into account prior provisions in the year ended 31 March, 2016, and is a non-recurring expense and following the completion of the Tides Transaction, there will be no more payments or entitlements under the Management Incentive Scheme.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

Financial position of the Group

Set out below is a summary of the consolidated statements of financial position of the Group as at 31 March, 2014, 2015 and 2016:

Table 4

	31 March		
	2014 <i>HK\$'000</i> <i>(Audited)</i>	2015 <i>HK\$'000</i> <i>(Audited)</i>	2016 <i>HK\$'000</i>
NON CURRENT ASSETS			
Property, plant and equipment	395,006	391,967	333,405
Investment properties	532,976	618,317	172,636
Properties under development	789,290	1,210,048	—
Prepayments, deposits and other receivables	7,859	1,918	1,386
Interests in an associate	—	—	—
Other assets	1,350	1,350	1,350
Available-for-sale investments	1,250	1,249	1,197
Financial derivative instrument	—	—	8,533
Deferred tax assets	34,572	55,829	49,133
Total non-current assets	<u>1,762,303</u>	<u>2,280,678</u>	<u>567,640</u>
CURRENT ASSETS			
Properties under development	382,669	65,506	1,772,959
Investments at fair value through profit or loss	—		
Inventories	13,609	14,182	23,551
Properties held for sale	604,640	646,659	302,596
Amounts due from customers for contract works	107,127	160,041	116,625
Trade and retention receivables	777,797	1,016,641	727,243
Prepayments, deposits and other receivables	74,742	70,490	283,542
Tax prepaid	2,749	2,175	7,480
Time deposits	1,106,219	746,432	1,303,589
Restricted cash	3,241	24,000	—
Cash and bank balances	441,688	541,064	502,830
Total current assets	<u>3,514,481</u>	<u>3,287,190</u>	<u>5,040,415</u>
Total assets	<u>5,276,784</u>	<u>5,567,868</u>	<u>5,608,055</u>

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	31 March		
	2014	2015	2016
	HK\$'000 <i>(Audited)</i>	HK\$'000 <i>(Audited)</i>	HK\$'000
NON CURRENT LIABILITIES			
Interest bearing bank borrowings	333,954	224,621	658,378
Accrual	—	—	4,387
Derivative financial instruments	—	—	—
Loan from an associate	—	—	—
Deferred tax liabilities	<u>255,299</u>	<u>223,317</u>	<u>140,304</u>
Total non-current liabilities	<u>589,253</u>	<u>447,938</u>	<u>803,069</u>
CURRENT LIABILITIES			
Amounts due to customers for contract works	739,788	686,495	660,898
Trade and retention payable and accruals	634,075	923,682	634,734
Other payables, deposits received and receipts in advance	37,753	56,658	40,155
Deposits received	200,567	110,378	214,233
Interest bearing bank borrowings	252,112	143,278	198,568
Amounts due to related companies	—	—	—
Derivative financial instruments	4,113	—	—
Tax payable	<u>107,846</u>	<u>266,870</u>	<u>279,206</u>
Total current liabilities	<u>1,976,254</u>	<u>2,187,361</u>	<u>2,027,794</u>
Total liabilities	<u>2,565,507</u>	<u>2,635,299</u>	<u>2,830,863</u>
Net assets	<u>2,711,277</u>	<u>2,932,569</u>	<u>2,777,192</u>
Net assets per Share (NAV) in HK\$	HK\$3.10	HK\$3.35	HK\$3.18
Gearing % (Note 1)	21.6%	12.6%	30.9%
Net gearing % (Note 2)	Nil	Nil	Nil

Source: Annual reports and results announcements of the Company for the relevant years.

Notes:

- Gearing is calculated based on total debts divided by shareholders' equity.
- Net gearing is calculated based on (total debts less cash and time deposits) divided by shareholders' equity.

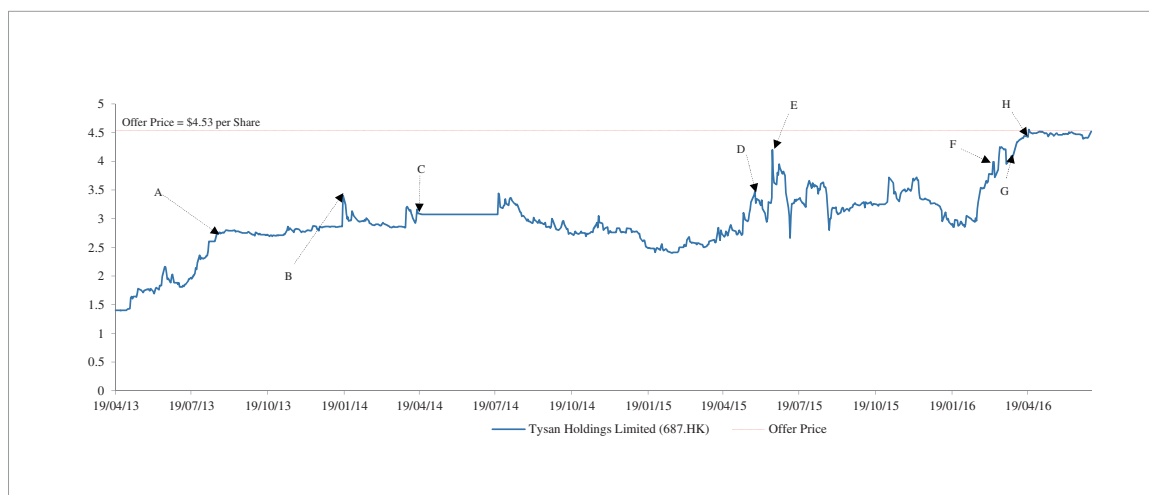
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The Group's financial position as at 31 March, 2014, 2015 and 2016 remained stable with healthy cash flows. As at 31 March, 2016, the Group had cash on hand of HK\$1,806 million (31 March, 2015: HK\$1,287 million), and total assets and net assets (after deducting non-controlling interest) amounted to approximately HK\$5,608 million (31 March, 2015: HK\$5,568 million) and HK\$2,688 million (31 March, 2015: HK\$2,742 million), respectively. Interest bearing bank borrowings (which were mostly denominated in Hong Kong dollars, with a few loan facilities in Euro) amounted to HK\$856.9 million as at 31 March, 2016 (31 March, 2015: HK\$367.9 million). Certain assets of the Group with a book value of HK\$175 million have been pledged to secure banking facilities of the Group. As at 31 March, 2016, the Group did not have any net debt gearing. Contingent liabilities in relation to guarantees of performance bonds decreased from HK\$417 million as at 31 March, 2015 to HK\$195 million as at 31 March, 2016. Total capital commitments in respect of construction works relating to properties under development amounted to HK\$393.7 million as at 31 March, 2016 (31 March, 2015: HK\$878.5 million).

Price of the Shares

We have compared the Offer Price with the price of the Shares on the Stock Exchange for the three years prior to 19 April, 2016, being the Last Trading Date Before Joint Announcement and until the Latest Practicable Date, and the performance of the Shares against both the Hang Seng Index and the Hang Seng Composite Properties and Construction Index ("HSCPCI"), as shown in the charts below.

Chart 1 — Performance of the Shares over a three year period ended 19 April, 2016 and up to the Latest Practicable Date

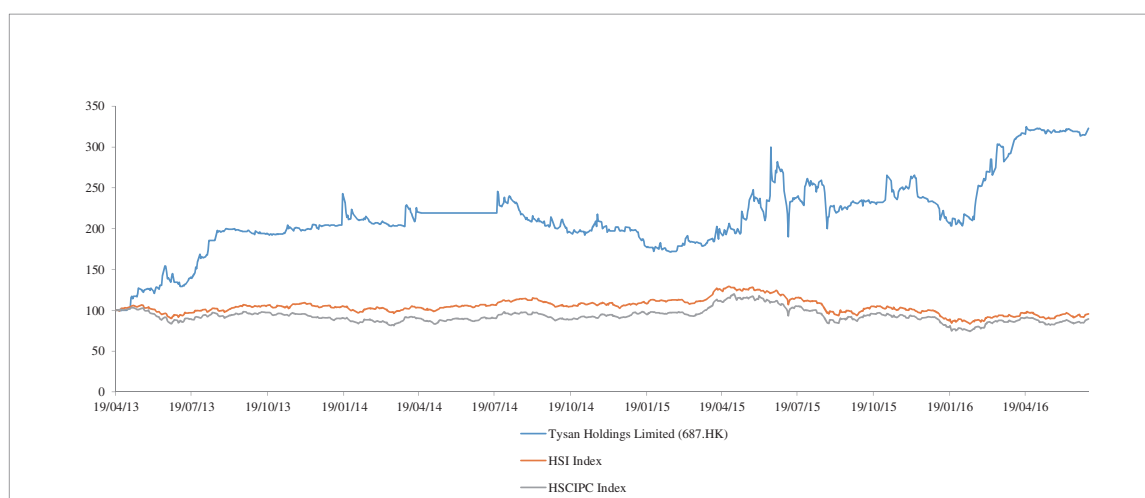


- A 19 August, 2013, being the date of an announcement of a possible voluntary conditional cash offer to acquire all the issued Shares and special deal transactions
- B 17 January, 2014, being the date of the completion of special deal transactions

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- C 23 April, 2014 to 22 July, 2014, being the period of the suspension of trading in the Shares since the percentage of public float fell below 15% following the close of a general offer
- D 27 May, 2015, being the date of an announcement of termination of the agreement in relation to disposal of interests in wholly-owned subsidiaries
- E 17 June, 2015, being the date of an announcement of the possible spin-off of the foundation business of the Group on the Main Board of the Stock Exchange and the possible sale of its investment property in China
- F 9 March, 2016, being the date of an announcement made by the Company pursuant to Rule 3.2(d)(i) and Rule 3.7 of the Takeovers Code, relating to a possible sale of Tides Holdings II's interests in the Company
- G 1 April 2016, being the date of an announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code relating to a potential sale of 66% shareholding in the Company by Tides Holdings II
- H 19 April, 2016, being the Last Trading Date before Joint Announcement

Chart 2 — Performance of the Shares against HSI and HSCPCI over a three year period ended 19 April, 2016 and up to the Latest Practicable Date



Note: Share prices are rebased to 100 on 19 April, 2013

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Over the past three years immediately prior to 19 April, 2016, being the Last Trading Date before Joint Announcement, the Shares traded below the Offer Price of HK\$4.53 per Share. During this period, the Shares traded within the range between a low of HK\$1.33 on 26 April, 2013 and a high of HK\$4.49 on 13 April, 2016 (which was after 8 March, 2016, being the Last Trading Date Before Initial Announcement, and after 1 April, 2016, being the date of the 1 April Announcement.) The Offer Price is some 2.0% higher than the highest closing price of HK\$4.44 (on 14 and 15 April, 2016) in the past three years prior to the Last Trading Date before Joint Announcement. Following the release of the Joint Announcement dated 19 April, 2016, the price of the Shares increased and reach a high of HK\$4.65 on 20 April, 2016, HK\$4.57 on 21 April, 2016, HK\$4.53 on 22 April, 2016, HK\$4.54 on 26 April, 2016, HK\$4.53 on 3 May, 2016 and HK\$4.54 on the Latest Practicable Date. Subsequently for the period from 27 April, 2016 to the Latest Practicable Date, the Shares did not trade at or above the Offer Price (other than on 3 May, 2016 and the Latest Practicable Date when Shares prices reached a high of HK\$4.53 and HK\$4.54, respectively) and traded within a range of between a high of HK\$4.52 on 6 May, 2016, 9 May, 2016 and 10 June, 2016 and a low of HK\$4.33 on 24 June, 2016. During the three year period immediately prior to the Last Trading Date Before Joint Announcement, the Shares consistently outperformed both the Hang Seng Index and the HSCPCI.

The Offer Price represents approximate premia as follows:

Table 5

	Price of the Shares HK\$	Premium (%)
Closing price of the Shares on 8 March, 2016, the Last Trading Date Before Initial Announcement	3.99	13.5%
Closing price of the Shares on 19 April, 2016, the Last Trading Date Before Joint Announcement of the possibility of the Offer (and in which the Offer Price was disclosed)	4.42	2.5%
Average closing price of the Shares for the last five trading days up to and including the Last Trading Date Before Initial Announcement	3.79	19.5%
Average closing price of the Shares for the last 30 trading days up to and including the Last Trading Date Before Initial Announcement	3.24	39.8%
Average closing price of the Shares for the last 60 trading days up to and including the Last Trading Date Before Initial Announcement	3.21	41.1%
Average closing price of the Shares for the last 90 trading days up to and including the Last Trading Date Before Initial Announcement	3.31	36.9%

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	Price of the Shares HK\$	Premium (%)
Average closing price of the Shares for the last 180 trading days up to and including the Last Trading Date Before Initial Announcement	3.33	36.0%
Average closing price of the Shares for the last 30 trading days up to and including the Last Trading Date Before Joint Announcement	4.16	8.9%
Average closing price of the Shares for the last 60 trading days up to and including the Last Trading Date Before Joint Announcement	3.65	24.1%
Average closing price of the Shares for the last 90 trading days up to and including the Last Trading Date Before Joint Announcement	3.52	28.7%
Average closing price of the Shares for the last 180 trading days up to and including the Last Trading Date Before Joint Announcement	3.44	31.7%
Closing price of the Shares on 30 June, 2016, the date of the announcement of completion of the Tides Transaction	4.41	4.7%
Closing price of the Shares on the Latest Practicable Date	4.52	0.2%

We have compared, as shown in chart 3 below, the Share price performance (for the three year period prior to the Last Trading Date Before Joint Announcement and up to the Latest Practicable Date) with comparable companies in the foundation piling and property development businesses and whose shares are listed on the Stock Exchange. Our criteria for selecting comparable companies are:

A. Foundation business

- (i) being engaged in the businesses of heavy construction, construction and engineering in Hong Kong for the latest financial year;
- (ii) having 75% or more of its revenue in the latest financial year being generated from foundation piling business in Hong Kong;
- (iii) having recorded a net profit for the latest financial year.

B. Property development business

- (i) market capitalisation of the comparable companies between HK\$1 billion and HK\$5 billion as at 30 June, 2016, being the date of the announcement of completion of the Tides Transaction;
- (ii) being engaged in the businesses of property development in the PRC for the latest financial year;

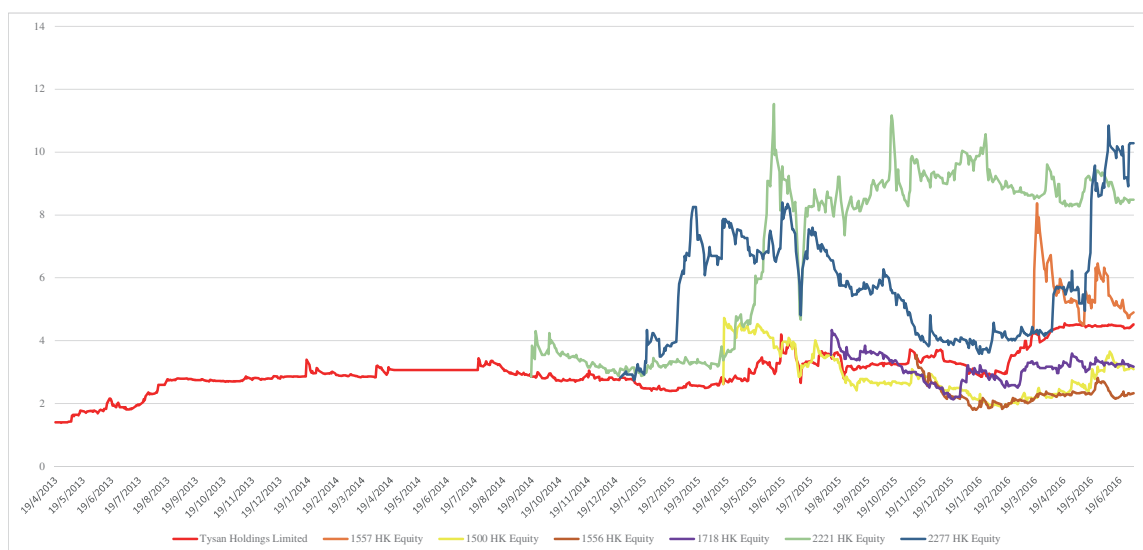
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(iii) having all of its revenue in the latest financial year being generated from property development business in the PRC;

(iv) having recorded a net profit for the latest financial year.

We have identified 14 comparable companies (“**Comparable Companies**”) that satisfied the abovementioned criteria and which represents an exhaustive list of companies we consider to be fair and representative for our comparison analysis. During the three year period prior to the Last Trading Date Before Joint Announcement, the price of the Shares performed largely in line with small-sized, in terms of market capitalisation, companies engaged in the foundation business other than the recently listed K. H Group Holdings Limited, stock code: 1557 and lagged behind Chung Sing Engineering Holdings Limited, stock code: 2277 and New Concepts Holdings Limited, stock code 2221. During the same period, as shown in chart 4 below, the price of the Shares performed better than most of the Comparable Companies in the property development business other than Xinming China Holdings Limited, stock code: 2699.

Chart 3 - Price performance of the Shares relative to Comparable Companies engaged in foundation business

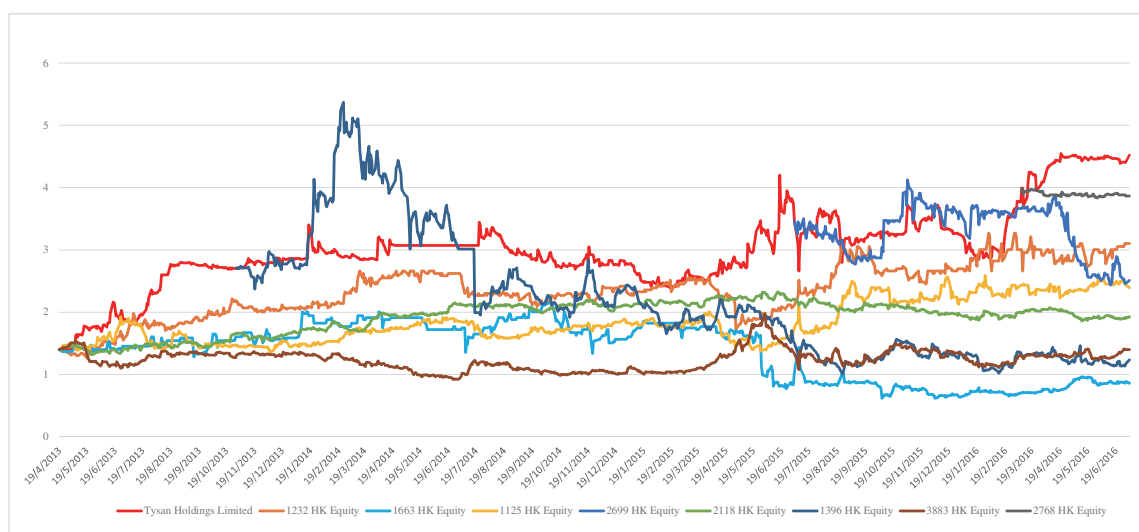


Source: Bloomberg

Note: Share prices are rebased to 100 on 19 April, 2013

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Chart 4 - Price performance of the Shares relative to Comparable Companies engaged in property development business



Source: Bloomberg

Note: Share prices are rebased to 100 on 19 April, 2013

Price earnings multiple

Price earnings multiples of Comparable Companies listed on the Stock Exchange
(based on twelve month trailing earnings)

Table 6

Company name	Stock code	Listing Date	Market capitalisation as at Last Trading Date Before Joint Announcement (19/4/2016) (HK\$ million)	Price earnings multiples as at		
				19/4/2016 (times)	30/6/2016 (times)	Latest Practicable Date (times)
<i>Foundation business</i>						
1. Chun Sing Engineering Holdings Ltd.	2277	29/12/2014	1,246	19.8	61.9	61.9
2. New Concepts Holdings Ltd.	2221	19/9/2014	1,016	15.5	20.6	20.6
3. Wan Kei Group Holdings Ltd.	1718	11/8/2015	640	13.2	24.1	23.8
4. Chinney Kin Wing Holdings Ltd.	1556	11/11/2015	593	4.2	4.2	4.3
5. In Construction Holdings Ltd.	1500	16/4/2015	498	4.6	7.2	7.0
6. K. H. Group Holdings Ltd.	1557	18/3/2016	496	7.4	10.7	10.9
Mean				10.8	21.5	21.4
Median				10.3	15.7	15.8
Maximum				19.8	61.9	61.9
Minimum				4.2	4.2	4.3

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Company name	Stock code	Listing Date	Market capitalisation as at Last Trading Date Before Joint Announcement	Price earnings multiples (See Notes) as at		
				19/4/2016	30/6/2016	Latest Practicable Date
<i>Property development business</i>			<i>(HK\$ million)</i>	<i>(times)</i>	<i>(times)</i>	<i>(times)</i>
1. Jiayuan International Group Limited	2768	8/3/2016	4,687	13.6	13.5	13.5
2. China Aoyuan Property Group	3883	9/10/2007	4,426	4.6	4.8	4.8
3. Hydoo International Holdings Limited	1396	31/10/2013	4,216	6.3	5.6	5.9
4. Tian Shan Development (Holdings) Limited	2118	15/7/2010	3,208	19.9	18.6	18.8
5. Xinming China Holdings Limited	2699	6/7/2015	2,858	6.5	4.3	4.4
6. Lai Fung Holdings	1125	28/11/1997	2,090	1.9	1.7	1.7
7. Sino Harbour Property Group Limited	1663	22/7/2011	1,984	16.8	17.6	18.2
8. Golden Wheel Tiandi Holdings Company Limited (Note 3)	1232	16/1/2013	1,171.6	75.2	69.4	69.4

Mean	9.9	9.5	9.6
Median	6.5	5.6	5.9
Maximum	19.9	18.6	18.8
Minimum	1.9	1.7	1.7

The Company implied by the Offer Price (Note 2)

10.0

Source: Annual reports, interim reports and announcements of annual results and listing prospectus of relevant companies and website of the Stock Exchange

Notes:

- Price earnings multiples of the Comparable Companies are calculated by dividing their respective market capitalisation on the relevant dates as shown in Table 6 by their respective latest twelve month trailing earnings.
- Price earnings multiple of the Company is calculated by dividing the Offer Price by the net profits of the Group for the year ended 31 March, 2016.
- We consider this company as an outlier and have excluded it from our analysis.

The price earnings multiple implied by the Offer Price, based on the net profits of the Group for the year ended 31 March, 2016, of 10.0 times is largely in line with the mean price earnings multiple of the Comparable Companies engaged in the foundation business, and in the property development business as at the Last Trading Date before Joint Announcement.

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Net asset value and price to NAV multiples

The Offer Price of HK\$4.53 per Share represents a premium of 42.0% to the net asset value of the Company of HK\$3.19 as at 31 March, 2016. We have compared the price to NAV multiple of the Company implied by the Offer Price with those of the Comparable Companies as at (i) the Last Trading Date Before Joint Announcement; (ii) 30 June, 2016, being the date of the announcement of completion of the Tides Transaction; and (iii) the Latest Practicable Date.

Table 7

Company name	Stock code	Listing Date	Market capitalisation as at the Last Trading Date Before Joint Announcement (19/4/2016) (HK\$ million)	Price to NAV multiple (See Note) as at Latest Practicable Date			
				19/4/2016 (times)	30/6/2016 (times)	Date (times)	
<i>Foundation business</i>							
Chun Sing Engineering Holdings Ltd.	2277	29/12/2014	1,246	5.9	6.5	6.5	
New Concepts Holdings Ltd.	2221	19/9/2014	1,016	5.4	4.8	4.8	
Wan Kei Group Holdings Ltd.	1718	11/8/2015	640	2.4	2.3	2.3	
Chinney Kin Wing Holdings Ltd.	1556	11/11/2015	593	1.7	1.7	1.7	
In Construction Holdings Ltd.	1500	16/4/2015	498	1.7	2.0	2.0	
K. H. Group Holdings Ltd.	1557	18/3/2016	496	5.1	2.3	2.4	
				Mean	3.7	3.3	3.3
				Median	3.8	2.3	2.4
				Maximum	5.9	6.5	6.5
				Minimum	1.7	1.7	1.7

Company name	Stock code	Listing Date	Market capitalisation as at the Last Trading Date Before Joint Announcement (19/4/2016) (HK\$ million)	Price to NAV multiple (See Note) as at Latest Practicable Date			
				19/4/2016 (times)	30/6/2016 (times)	Date (times)	
<i>Property development business</i>							
Jiayuan International Group Limited	2768	8/3/2016	4,687	2.9	2.9	2.9	
China Aoyuan Property Group	3883	9/10/2007	4,426	0.4	0.5	0.5	
Hydoo International Holdings Limited	1396	31/10/2013	4,216	0.8	0.7	0.7	
Tian Shan Development (Holdings) Limited	2118	15/7/2010	3,208	1.3	1.2	1.2	
Xinming China Holdings Limited	2699	6/7/2015	2,858	1.4	0.9	0.9	
Lai Fung Holdings	1125	28/11/1997	2,090	0.2	0.1	0.1	
Sino Harbour Property Group Limited	1663	22/7/2011	1,984	1.4	1.3	1.3	
Golden Wheel Tiandi Holdings Company Limited (Note 3)	1232	16/1/2013	1,172	0.3	0.2	0.2	
				Mean	1.2	1.1	1.1
				Median	1.3	0.9	0.9
				Maximum	2.9	2.9	2.9
				Minimum	0.2	0.1	0.1

The Company implied by the Offer Price (Note 2)

1.4

Source: Annual reports, interim reports, announcements of annual results and listing prospectus of relevant companies and the website of the Stock Exchange

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Notes:

1. Price to NAV multiple of the Comparable Companies are calculated by dividing their respective market capitalisation on the relevant dates as shown in Table 7 by their respective relevant published net asset values.
2. Price to NAV multiple of the Company is calculated by dividing the Offer Price by the consolidated net asset value per Share of the Group as at 31 March, 2016.
3. We consider this company as an outlier and have excluded it from our analysis.

The price to NAV multiple implied by the Offer Price is 1.4 times based on the Group's latest published net asset value of HK\$3.19 as at 31 March, 2016. This multiple is lower than the mean and median price to NAV multiple of Comparable Companies engaged in the foundation business, and higher than the mean and median price to NAV multiple of Comparable Companies engaged in the property development business.

Precedent merger and acquisitions in the foundation piling industry

We have to the best of our knowledge and belief identified an exhaustive list of merger and acquisitions, as shown in Table 8 below, announced in the past three years since 2013 involving publicly listed target companies in the foundation piling industry, and have analysed the terms of the precedent transaction and compared them with the terms of the Offer.

The comparable transaction relating to the mandatory unconditional cash offer for Sunley Holdings Limited (now known as CNQC International Holdings Limited), stock code: 1240, involves the acquisition of a 75% stake in the offeree company and the offer price represents (i) a discount of 27.9% to the closing price of the shares in the offeree company on the last trading day prior to the offer announcement; and (ii) a premium of 135.3% to the NAV per share of the offeree company. The independent financial adviser of the offeree company opined the terms of the offer for Sunley Holdings Limited to be not fair and reasonable.

Table 8

Date of announcement	Offeree company	Target		Shares (%) being acquired	Price earnings multiple (Note 1) (times)	Price to NAV multiple (Note 2) (times)	Premium/ (discount) to average share price - 1	Premium/ (discount) to average share price - 30	Opinion of the independent financial adviser
		stock code	Acquirer name				share price - 1 day prior to the announcement	consecutive trading days prior to the announcement	
14/02/2014	CNQC International Holdings Limited (formerly known as Sunley Holdings Limited)	1240	CNQC Development Limited	75%	11.05	2.35	(27.9%)	(18.9%)	Not fair and reasonable

Source: The website of the Stock Exchange and Bloomberg

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Notes:

1. Price to earnings multiple is calculated as the value of the entire share capital of the offeree company implied by the consideration paid for the Shares acquired, divided by the relevant annual net profit of the offeree company.
2. Price to NAV multiple is calculated as the value of the entire share capital of the offeree company implied by the consideration paid for the shares acquired, divided by the relevant published net asset value of the offeree company.

Liquidity of the Shares

The table below shows the average daily trading volume of the Shares and the percentage of the average daily trading volume to the public float of the Company.

Table 9

Financial year/ period	Average daily trading volume of the Shares (in number of Shares)	Average daily trading volume of the Shares as a percentage of the public float of the Company
2013/2014	875,747	0.67%
2014/2015	360,397	0.25%
2015/2016	616,158	0.42%
1/4/2016 to Latest Practicable Date	746,598	0.51%

Source: Bloomberg

As can be seen in Table 9 above, the average daily trading volume of the Shares during the past three financial years remained low at between 0.25% and 0.67% of the public float of the Company. During the period from 1 April, 2016 to the Latest Practicable Date, the average trading volume was 746,598 Shares, equivalent to 0.51% of the public float of the Company. We believe the recent increase in the liquidity of the Shares was due to the Joint Announcement and the subsequent announcement relating to the Offer. The low level of liquidity in the Shares would indicate that any sale of a large number of Shares through the market would be difficult to accomplish in a short period of time without adversely affecting the Share price.

The Offer provides Shareholders who wish to realise their investment in the Company an opportunity to sell their Shares at the Offer Price which will not be affected by the size of holding and the historical low liquidity in the Shares. Shareholders should recognise that after the close of the Offer, the Shares may trade below the Offer Price.

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Dividend yield

According to the 2015/2016 annual results announcement of the Company dated 29 June, 2016, the Board has resolved not to recommend any final dividend for the year ended 31 March, 2016 (year ended 31 March, 2015: HK\$0.15 per Share). An interim dividend of HK\$0.20 per Share was declared for the six months ended 30 September, 2015 (period ended 30 September, 2014: HK\$0.05 per Share).

The Group recorded a dividend pay-out ratio of 16.2%, 32.8% and 77.1% for each of the past three financial years ended 31 March, 2014, 2015 and 2016, respectively. Based on the dividends paid during the year ended 31 March, 2016, the Offer Price represents a historical dividend yield of 7.73%. We have compared this dividend yield implied by the Offer Price with the dividend yield of the Comparable Companies as shown in the table below:

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Table 10

Names of companies	Stock code	Market capitalisation on the Last Trading Date Before Joint Announcement (in HK\$ million)	Dividend yield (Note) (%)
<i>Foundation business</i>			
Chun Sing Engineering Holdings Limited	2277	1,246	0.00%
New Concept Holdings Limited	2221	1,016	0.00%
Wan Kei Group Holdings Limited	1718	640	0.00%
Chinney Kin Wing Holdings Limited	1556	593	39.15%
In Construction Holdings Limited	1500	498	5.00%
K. H. Group Holdings Limited	1557	496	5.08%
		Mean	8.21%
		Median	2.50%
		Maximum	39.15%
		Minimum	0.00%
<i>Property development business</i>			
Jiayuan International Group Ltd.	2768	4,687	0.00%
China Aoyuan Property Group Ltd.	3883	4,426	7.93%
Hydoo International Holding Ltd.	1396	4,216	5.48%
Tian Shan Development (Holding) Ltd.	2118	3,208	0.59%
Xinming China Holdings Ltd.	2699	2,858	0.00%
Lai Fung Holdings Ltd.	1125	2,090	2.60%
Sino Harbour Holdings Group Ltd.	1663	1,984	0.00%
Golden Wheel Tiandi Holdings Co. Ltd.	1232	1,172	3.60%
		Mean	2.53%
		Median	1.60%
		Maximum	7.93%
		Minimum	0.00%
The Company implied by the Offer Price			7.73%

Note: Dividend yield is calculated by dividing the gross dividends paid during the most recent full financial year by relevant market capitalisation on the Last Trading Date Before Joint Announcement.

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The dividend yield of 7.73% implied by the Offer Price is lower than the mean but much higher than the median dividend yield of Comparable Companies engaged in the foundation business as shown in Table 10 above, and much higher than the mean and median dividend yield of Comparable Companies engaged in the property development business.

Prospects of the Group and intentions of the Offeror

The Group expects to benefit from the anticipated growth of the Hong Kong's foundation piling industry, which is expected to be supported by the Hong Kong government's initiative to increase land supply for residential and commercial buildings, and commencement of numerous large scale infrastructure projects. However, labour shortage, rising operating costs and competitors entering the construction industry will pose challenges for the Group to maintain its profit margins. The Group expects sales from its development projects in Tianjin and Shenyang to improve in view of the PRC government's policies to support the property market and stimulate demand. As for the Group's property investment business, the Group will look for old buildings for making value added alterations to increase their value.

HNA Finance I has become the controlling shareholder of the Company upon completion of the Tides Transaction which took place on 30 June, 2016.

HNA Finance I intends that the Group will continue its existing businesses. Subject to market conditions, HNA Finance I intends to provide funds, personnel, technology and other resources to support the Group's investment in and development of new projects, and raise the number of projects, asset value and brand recognition, by actively seeking potential business investment and development projects in the PRC and overseas. HNA Finance I will, following the close of the Offer, conduct a detailed review on the business operations and financial position of the Group for the purpose of formulating appropriate business plans and strategies, and exploring other business opportunities for the future development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise in the future, HNA Finance I may consider acquisition of assets and, or businesses by the Group. As of the Latest Practicable Date, HNA Finance I had no plans for any acquisition by the Group of businesses and, or assets, or disposal, termination or scaling down of the Group's existing business or assets. Further, HNA Finance I has no intention to terminate employment of any employees of the Group or to make significant changes to any employment (except for the proposed change to the Board composition of the Company mentioned below).

HNA Finance I intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

In the event there is insufficient public float for the Shares upon the close of the Offer and therefore trading in the Shares may be suspended until a sufficient public float is attained, each of HNA Finance I and the Company has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after close of the Offer, and which may involve HNA Finance I selling some of its Shares.

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The Board currently consists of eleven Directors. Following completion of the Tides Transaction, it is intended that the resignation of four non-executive Directors, Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard would take effect on the date immediately after 28 July, 2016, being the First Closing Date. It is intended that Mr. Law Yiu Fat Richard will remain as an observer on the Board after his resignation for a period until nine months after completion of the Tides Transaction. HNA Finance I will nominate four new Directors (including executive and non-executive Directors) to the Board with effect from a date no earlier than 28 July, 2016, being the First Closing Date.

Premium paid in other general offers

We have identified the following exhaustive list of general offers (excluding privatisations, share exchange offers and general offers triggered by subscription of new shares in the offeree company) with market capitalisation between of HK\$1 billion and HK\$10 billion on the date of the offer announcement in the past 12 months, and analysed the premium paid, if any. Given the different businesses in which the relevant companies operated, we do not find this information useful in making our recommendations but, in our opinion, the premium to market price of the Shares implied by the Offer Price is higher than the mean and, or median premium offered in general offers in Hong Kong as shown in Table 11 below. As shown in Table 11, a large part of the general offers which we have identified carried a discount, rather than a premium, to prevailing share prices.

Table 11

Date of offer announcement	Offeree companies	Stock code	Market capitalisation of the offeree companies as at the date of offer announcement (HK\$ million)	Premium/(discount) of offer price to share on the relevant last trading day (%)				Premium/ (discount) to reported NAV (%)	Shares held by the offeror before the offer (%)	Shares held by the offeror immediately after the offer (%)	Opinion of the independent financial adviser
				on the last trading day	5 trading days	10 trading days	30 trading days				
18-Feb-16	Northeast Tiger Pharmaceutical Co., Ltd	8197 HK Equity	1,672.51	(91.07)	(89.52)	(89.16)	(89.00)	84.56	72.02	72.02	Fair and reasonable
15-Feb-16	Bestway International Holdings Limited	718 HK Equity	1,005.73	(1.49)	(3.23)	(7.95)	(20.42)	2.71	32.09	58.07	Fair and reasonable
01-Dec-15	Fittec International Group Limited	2662 HK Equity	1,597.85	(54.90)	(53.20)	(47.30)	(37.80)	45.80	74.35	74.40	Fair and reasonable
24-Nov-15	Topsearch International (Holdings) Limited	2323 HK Equity	1,150.00	(51.30)	(44.22)	(33.88)	(27.84)	31.24	51.03	51.03	Fair and reasonable
23-Oct-15	Natural Beauty Bio-Technology Limited	157 HK Equity	1,701.79	30.42	47.90	46.89	45.41	116.55	65.63	93.33	Fair and reasonable
06-Oct-15	Winfoong International Limited	63 HK Equity	1,663.08	(42.56)	(41.63)	(37.60)	(47.55)	239.49	62.00	85.93	Fair and reasonable
11-Aug-15	Telefield International (Holdings) Limited	1143 HK Equity	1,298.96	(35.93)	(32.57)	(31.41)	(8.14)	138.94	66.03	71.50	Fair and reasonable
09-Jul-15	Cinderella Media Group Limited	550 HK Equity	1,108.16	(38.61)	(34.26)	(23.38)	(15.79)	277.40	55.02	76.54	Fair and reasonable
29-Jun-15	UDL Holdings Limited	620 HK Equity	1,380.86	(53.31)	(44.00)	(37.87)	(25.80)	395.74	68.32	68.60	Fair and reasonable
23-Jun-15	Daqing Dairy Holdings Limited (Note 1)	1007 HK Equity	1,697.64	(94.05)	(94.63)	(94.85)	(94.64)	N/A	60.39	63.51	Fair and reasonable

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Date of offer announcement	Offeree companies	Stock code	Market capitalisation of the offeree companies as at the date of offer announcement	Premium/(discount) price on the relevant last trading day (%)	Offer price to share				Premium/(discount) NAV (%)	Shares held by the offeror before the offer (%)	Shares held by the offeror immediately after the offer (%)	Opinion of the independent financial adviser
					on the last trading day	5 trading days	10 trading days	30 trading days				
				(HK\$ million)								
16-Jun-15	Excel Development (Holdings) Limited (Note 2)	1372 HK Equity	1,230.00	(46.29)	(45.07)	(38.75)	(20.12)	190.77	75.00	75.00	Fair and reasonable	
10-Jun-15	Ausnutria Dairy Corporation Ltd (Note 3)	1717 HK Equity	2,901.32	2.38	3.44	3.79	5.84	304.86	48.11	60.54	Fair and reasonable	
06-May-15	Heng Fai Enterprises Limited (Note 4)	185 HK Equity	1,025.41	29.61	24.44	41.54	92.94	54.74	54.88	54.92	Fair and reasonable	
04-May-15	JLF Investment Company Limited	472 HK Equity	1,334.83	(17.50)	(9.30)	(2.20)	8.14	138.70	63.35	63.36	Fair and reasonable	
24-Apr-15	ITC Corporation Limited	372 HK Equity	1,204.37	1.40	(1.40)	0.00	2.80	(65.31)	54.20	54.20	Fair and reasonable	
				Maximum	30.42	47.90	46.89	92.94	395.74			
				Minimum	(-94.05)	(-94.63)	(-94.85)	(-94.64)	(-65.31)			
				Median	(-38.61)	(-34.26)	(-31.41)	(-20.12)	127.63			
				Average	(-30.88)	(-27.82)	(-23.48)	(-15.46)	139.73			
The Company			3,838.02	3.24	3.10	3.80	9.75	46.98				

CONCLUSION AND RECOMMENDATION

Conclusion and reasons for our recommendation

Having considered the foregoing and in particular for the following principal reasons:

- the Shares traded below the Offer Price during the past three years immediately preceding the Last Trading Date Before Joint Announcement, and the period from 27 April, 2016 to the Latest Practicable Date other than 3 May, 2016 and the Latest Practicable Date when Shares prices reached a high of HK\$4.53 and HK\$4.54, respectively;
- the Offer Price represents a premium ranging from 19.5% to 41.1% to the average closing price of the Shares over periods based on five, 30, 60, 90, and 180 trading days up to and including the Last Trading Date Before Initial Announcement;
- the Offer Price represents a premium ranging from 8.9% to 31.7% to the average closing price of the Shares over periods based on 30, 60, 90 and 180 trading days up to and including the Last Trading Date Before Joint Announcement;
- the Offer Price represents a premium of 2.5% to the closing price of the Shares on the Last Trading Date Before Joint Announcement;
- the Offer Price represents a premium of 42.5% to the net asset value of the Company of HK\$3.18 as at 31 March, 2016, notwithstanding the fact that the price to NAV multiple of 1.4 times implied by the Offer Price is lower than the mean and median price to NAV multiple of Comparable Companies engaged in foundation business;

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- the Offer Price values the Company in line with selected Comparable Companies engaged in the foundation and, or property development business in terms of price to earnings multiple; and
- the average daily trading volume of the Shares during the past three financial years ended on 31 March, 2014, 2015 and 2016 remained low at between 0.25% and 0.67% of the public float of the Company. The Offer provides Shareholders who wish to realise their investment in the Company an opportunity to sell their Shares at the Offer Price which will not be affected by the size of holding and the historical low liquidity in the Shares.

We consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and advise the Independent Board Committee to recommend that the Independent Shareholders accept the Offer.

Independent Shareholders who wish to realise their investment in the Shares should monitor the Share price performance. Should the market price of the Shares exceed the Offer Price, those Independent Shareholders who wish to accept the Offer should consider realising their investments on the stock market. However, those Shareholders who are attracted by the future prospects of the Group should consider retaining some or all of their interest in the Shares.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited

Stephanie Wong¹
Director

¹ Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Anglo Chinese to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance

1. TERMS OF THE OFFER**Procedures for acceptance of the Offer**

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**Tysan Offer**" on the envelope, as soon as possible and in any event reach the Registrar no later than by 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the First Closing Date, or such later time and/or date as HNA Finance I may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in respect of all or part of your Shares, you must either:
 - (a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar in an envelope marked "**Tysan Offer**"; or
 - (b) arrange for the Shares to be registered in your name through the Registrar and send the accompanying Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked "**Tysan Offer**"; or

- (c) if your Shares have been lodged with your licensed securities dealer (or other registered dealer in securities)/custodian bank through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set out by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
- (d) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or, any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the accompanying Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked "**Tysan Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Registrar. HNA Finance I shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by HNA Finance I.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s) and you wish to accept the Offer, you should nevertheless complete and sign the accompanying Form of Acceptance and deliver it in an envelope marked "**Tysan Offer**" to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CCBI and/or HNA Finance I and/or any of their respective agent(s) to collect from the Company or the Registrar, on your behalf, the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Registrar with the accompanying Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the First Closing Date, or such later time and/or date as HNA Finance I may determine and announce in compliance with the requirements of the Takeovers Code, and is:
- (a) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) is/are not in your name, such other documents (for example a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (b) from a registered Independent Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (c) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (for example grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt for any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is capable of acceptance on and from Thursday, 7 July 2016 and will remain open for acceptance until Thursday, 28 July 2016, being the First Closing Date, unless extended or revised in accordance with the Takeovers Code. HNA Finance I reserves the right to revise or extend the Offer in accordance with the Takeovers Code. Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016.

- (b) If the Offer is extended or revised, the announcement of such extension will state the next closing date or a statement that the Offer will open until further notice. In the latter case, at least 14 days' notice in writing must be given to Independent Shareholders before the Offer is closed. If, during the course of the Offer, HNA Finance I revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the "First Closing Date" shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

3. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offer are complete and in good order in all respects and have been received by the Registrar no later than 4:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the latest time for acceptance of the Offer unless the Offer is extended by HNA Finance I in accordance with the Takeovers Code, a cheque for the amount due to the relevant accepting Independent Shareholder, less seller's *ad valorem* stamp duty (if any) payable by the relevant accepting Independent Shareholder and if applicable, the fees payable to the Registrar in respect of lost or unavailable Share certificates, will be despatched to the relevant accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven Business Days after the date on which all relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact HNA Finance I for payment.
- (d) Settlement of the consideration to which an Independent Shareholder is entitled under the Offer will be implemented in full accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which HNA Finance I may otherwise be, or claim to be, entitled against such Independent Shareholder.

4. NOMINEE REGISTRATION

To ensure the equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their respective nominees.

5. ANNOUNCEMENTS

The announcement of the results of the Offer will be jointly issued by HNA Finance I and the Company and posted on the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on Thursday, 28 July 2016, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the Offer.

In any announcement of an extension of the Offer, either the next closing date must be stated or a statement may be made that the Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code.

The results announcement shall state the total number of Shares and the rights over Shares:

- (a) for which acceptances of the Offer have been received;
- (b) held, controlled or directed by HNA Finance I or its Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired during the Offer Period by HNA Finance I or its Concert Parties.

The announcement shall also (i) specify the percentages of the issued share capital of the Company and the percentages of voting rights represented by these numbers of Shares; and (ii) include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which HNA Finance I or its Concert Parties has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

If HNA Finance I, its Concert Parties or its advisers make any statement about the level of acceptances or the number or percentage of accepting Independent Shareholders during the Offer Period, then HNA Finance I must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the website of the Stock Exchange and made in accordance with the requirements of the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) As the Offer is unconditional in all respects, acceptances of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except as permitted under the Takeovers Code and in the circumstances set out in (b) below.
- (b) If HNA Finance I is unable to comply with the requirements set out in paragraph 5 of this Appendix I, under Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders withdraw their acceptance(s), HNA Finance I shall, as soon as possible but in any event within ten days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

7. POSTING

All documents and remittances to be sent to Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders' addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Company, HNA Finance I, CCBI, HKICM, the Independent Financial Adviser and the Registrar or any of their respective directors or agents or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. HNA Finance I intends to make the Offer available to all Independent Shareholders, including Overseas Shareholders. As the Offer to Overseas Shareholders might be affected by the applicable laws of the relevant jurisdictions in which they are resident, any Overseas Shareholders who wish to accept the Offer should inform themselves about and observe any applicable requirements

in their own jurisdictions (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions) and, where necessary, consult their own professional advisers.

Acceptance of the Offer by any Overseas Shareholder will constitute a warranty by any such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders are recommended to seek professional advice on whether to accept the Offer.

NOTICE TO U.S. SHAREHOLDERS

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States. In addition, U.S. holders of Shares should be aware that this Composite Document has been prepared in accordance with Hong Kong format and style, which differ from those of the United States. The Offer is being extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom or otherwise in accordance with the requirements of the SFO.

Accordingly, the Offer will comply with the relevant Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which may be different from those applicable under U.S. domestic tender offer procedures and laws. The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of Shares is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

The financial information of the Company included in this Composite Document has been extracted from the audited financial statements for the two years ended 31 March 2014 and 31 March 2015 and the consolidated financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such financial information may not be wholly comparable to financial information of U.S. companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for U.S. holders of Shares to enforce their rights and claims arising out of the U.S. federal securities laws, because CCBI, HNA Finance I and the Company are located in countries other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. In addition, most of the assets of CCBI, HNA Finance I and the Company are located outside the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may

be difficult for U.S. holders of Shares to effect service of process within the United States upon CCBI, HNA Finance I or the Company or their respective officers or directors, to enforce against them a judgment of a U.S. court or them or their affiliates to subject themselves to a U.S. court judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, HNA Finance I hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law and is made outside the United States, and (ii) the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC and will be available on the website of the SFC at <http://www.sfc.hk/>.

NOTICE TO OVERSEAS SHAREHOLDERS (OTHER THAN U.S. SHAREHOLDERS)

The Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, the procedure and disclosure requirements of laws, regulations and rules of which may be different to those in other jurisdictions. The ability of Independent Shareholders who are citizens, residents or nationals of jurisdictions outside of Hong Kong to participate in the Offer may be subject to the laws and regulations of the relevant jurisdictions. It is the responsibility of each such Independent Shareholder to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents, or filing and registration and the payment of any transfer or other taxes due from such Independent Shareholder in such relevant jurisdictions. For further discussion, please refer to the section headed “Overseas Shareholders” in the “Letter from CCBI” and Appendix I to this Composite Document.

9. STAMP DUTY

Seller’s *ad valorem* stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each relevant Independent Shareholder at the rate of 0.1% of the consideration payable by HNA Finance I for such person’s Shares or the market value of such person’s Shares, whichever is higher, and will be deducted from the cash amount due to such person under the Offer.

HNA Finance I will pay the buyer’s *ad valorem* stamp duty on its own behalf and the seller’s *ad valorem* stamp duty on behalf of the accepting Independent Shareholders in respect of the Shares accepted under the Offer.

10. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of HNA Finance I, the Company, Tides Holdings II, HKICM, CCBI, the Independent Financial Adviser and the Registrar or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

This Composite Document does not include any information in respect of overseas taxation. Independent Shareholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdictions of owning and disposing of Shares.

11. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and neither the Company, HNA Finance I, HKICM and CCBI nor any of their respective agents nor the Registrar accepts any liability for any loss in postage or any other liabilities that may arise as a result.
- (b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an Independent Shareholder will constitute such Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of HNA Finance I, HKICM, CCBI or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in HNA Finance I or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.

- (f) Acceptance of the Offer by any person will constitute a warranty by such person to HNA Finance I that the Shares acquired under the Offer are sold free from all Encumbrances and together with all rights and benefits attaching to them as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to any final dividend for the year ended 31 March 2016 and all other dividends, distributions and any return of capital, if any, declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of this Composite Document.
- (g) The settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which HNA Finance I may otherwise be, or claim to be, entitled against such Independent Shareholder.
- (h) Any Independent Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to HNA Finance I that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (j) In making their decision, the Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of HNA Finance I, the Company, HKICM, CCBI, the Registrar or their respective professional advisers. Independent Shareholders should consult their own professional advisers for professional advice.
- (k) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer, to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (l) This Composite Document and the Form of Acceptance have been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

- (m) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

12. INTERPRETATION

- (a) A reference in this Composite Document to an Independent Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the Offer shall include any extension and/or revision thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for each of the two years ended 31 March 2014 and 31 March 2015 as extracted from the annual reports of the Company and the consolidated financial results of the Group for the year ended 31 March 2016 as extracted from the announcement of the Company dated 29 June 2016, which sets out the Group's financial results for the year ended 31 March 2016.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Year ended 31 March 2016 <i>HK\$'000</i>	Year ended 31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>	Year ended 31 March 2014 <i>HK\$'000</i> <i>(Audited)</i>
REVENUE	4,057,316	4,836,413	3,504,393
Cost of sales	<u>(3,132,343)</u>	<u>(3,977,313)</u>	<u>(2,859,975)</u>
Gross profit	924,973	859,100	644,418
Other income and gains, net	146,411	42,319	33,161
Selling expenses	(50,767)	(42,431)	(51,926)
Administrative expenses	(54,627)	(46,889)	(89,338)
Changes in fair value of investment properties	32,390	33,121	37,494
Other expenses, net	(35,047)	(7,303)	(23,009)
Finance costs	(11,496)	(14,706)	(23,108)
Share of profits of associates	—	—	3,301
Loss on disposal of interests in associates	—	—	<u>(11,335)</u>
PROFIT BEFORE TAX	951,837	823,211	519,658
Income tax expense	<u>(439,329)</u>	<u>(317,045)</u>	<u>(240,694)</u>
PROFIT FOR THE YEAR	<u>512,508</u>	<u>506,166</u>	<u>278,964</u>
Attributable to:			
Ordinary equity holders of the Company	396,874	399,394	270,020
Non-controlling interests	<u>115,634</u>	<u>106,772</u>	<u>8,944</u>
	<u>512,508</u>	<u>506,166</u>	<u>278,964</u>
DIVIDENDS	<u>174,933</u>	<u>174,933</u>	<u>87,467</u>
Dividends per share (<i>HK cents</i>)	<u>20.00</u>	<u>20.00</u>	<u>10.00</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic (<i>HK cents</i>)	<u>45.37</u>	<u>45.66</u>	<u>30.90</u>
Diluted (<i>HK cents</i>)	<u>N/A</u>	<u>N/A</u>	<u>30.90</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 March 2016 <i>HK\$'000</i>	Year ended 31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>	Year ended 31 March 2014 <i>HK\$'000</i> <i>(Audited)</i>
PROFIT FOR THE YEAR	<u>512,508</u>	<u>506,166</u>	<u>278,964</u>
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations	(107,381)	851	(3,102)
Release of exchange difference upon disposal of an associate	—	—	(936)
Release of exchange difference upon disposal of subsidiaries	(36,527)	—	—
Release of exchange difference upon liquidation of a subsidiary	<u>(500)</u>	<u>(7,492)</u>	<u>—</u>
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	<u>(144,408)</u>	<u>(6,641)</u>	<u>(4,038)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>368,100</u>	<u>499,525</u>	<u>274,926</u>
Attributable to:			
Ordinary equity holders of the Company	252,466	394,550	265,200
Non-controlling interests	<u>115,634</u>	<u>104,975</u>	<u>9,726</u>
	<u>368,100</u>	<u>499,525</u>	<u>274,926</u>
ASSETS AND LIABILITIES			
Total assets	5,608,055	5,567,868	5,276,784
Total liabilities	<u>(2,830,863)</u>	<u>(2,635,299)</u>	<u>(2,565,507)</u>
	<u>2,777,192</u>	<u>2,932,569</u>	<u>2,711,277</u>

No qualified opinion was given by the auditors of the Company, Ernst & Young, Certified Public Accountants, in respect of the Group's audited consolidated financial statements for each of the two years ended 31 March 2014 and 2015 and the consolidated financial results of the Group for the year ended 31 March 2016.

For the financial year ended 31 March 2016, the Group recorded an exceptional expense of HK\$27.8 million in connection with the expenses for the preparation of the listing of Tysan Foundation Holdings Limited on the Stock Exchange and an exceptional profit item of HK\$114.9 million from the disposal of Shanghai China Garden International Real Estate Development & Management Company Limited.

2. CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

Set out is the full text of the consolidated financial results of the Group for each of the years ended 31 March 2015 and 2016 as extracted from the announcement of results of the Company for the year ended 31 March 2016:

Consolidated Statement of Profit or Loss

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
REVENUE	2	4,057,316	4,836,413
Cost of sales		<u>(3,132,343)</u>	<u>(3,977,313)</u>
Gross profit		924,973	859,100
Other income and gains, net	3	146,411	42,319
Selling expenses		(50,767)	(42,431)
Administrative expenses		(54,627)	(46,889)
Changes in fair value of investment properties		32,390	33,121
Other expenses, net		(35,047)	(7,303)
Finance costs	4	<u>(11,496)</u>	<u>(14,706)</u>
PROFIT BEFORE TAX	5	951,837	823,211
Income tax expense	6	<u>(439,329)</u>	<u>(317,045)</u>
PROFIT FOR THE YEAR		<u>512,508</u>	<u>506,166</u>
Attributable to:			
Ordinary equity holders of the Company		396,874	399,394
Non-controlling interests		<u>115,634</u>	<u>106,772</u>
		<u>512,508</u>	<u>506,166</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK45.37 cents</u>	<u>HK45.66 cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

Consolidated Statement of Comprehensive Income

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	512,508	506,166
OTHER COMPREHENSIVE INCOME/(EXPENSES)		
Other comprehensive income/(expenses) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of foreign operations	(107,381)	851
Release of exchange difference upon disposal of subsidiaries	(36,527)	—
Release of exchange difference upon liquidation of a subsidiary	<u>(500)</u>	<u>(7,492)</u>
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX	<u>(144,408)</u>	<u>(6,641)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>368,100</u></u>	<u><u>499,525</u></u>
Attributable to:		
Ordinary equity holders of the Company	252,466	394,550
Non-controlling interests	<u>115,634</u>	<u>104,975</u>
	<u><u>368,100</u></u>	<u><u>499,525</u></u>

Consolidated Statement of Financial Position

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		333,405	391,967
Investment properties		172,636	618,317
Properties under development		—	1,210,048
Prepayments, deposits and other receivables		1,386	1,918
Interests in an associate	9	—	—
Other assets		1,350	1,350
Available-for-sale investment		1,197	1,249
Derivative financial instrument		8,533	—
Deferred tax assets		<u>49,133</u>	<u>55,829</u>
Total non-current assets		<u>567,640</u>	<u>2,280,678</u>
CURRENT ASSETS			
Properties under development		1,772,959	65,506
Inventories		23,551	14,182
Properties held for sale		302,596	646,659
Amounts due from customers for contract works		116,625	160,041
Trade and retention receivables	10	727,243	1,016,641
Prepayments, deposits and other receivables		283,542	70,490
Tax prepaid		7,480	2,175
Time deposits		1,303,589	746,432
Restricted cash		—	24,000
Cash and bank balances		<u>502,830</u>	<u>541,064</u>
Total current assets		<u>5,040,415</u>	<u>3,287,190</u>

APPENDIX II**FINANCIAL INFORMATION OF THE GROUP**

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and retention payables and accruals	11	634,734	923,682
Other payables, deposits received and receipts in advance		40,155	56,658
Amounts due to customers for contract works		660,898	686,495
Deposits received		214,233	110,378
Interest-bearing bank borrowings		198,568	143,278
Tax payable		<u>279,206</u>	<u>266,870</u>
Total current liabilities		<u>2,027,794</u>	<u>2,187,361</u>
NET CURRENT ASSETS		<u>3,012,621</u>	<u>1,099,829</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,580,261</u>	<u>3,380,507</u>
NON-CURRENT LIABILITIES			
Accrual	11	4,387	—
Interest-bearing bank borrowings		658,378	224,621
Deferred tax liabilities		<u>140,304</u>	<u>223,317</u>
Total non-current liabilities		<u>803,069</u>	<u>447,938</u>
Net assets		<u>2,777,192</u>	<u>2,932,569</u>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		87,466	87,466
Reserves		<u>2,600,937</u>	<u>2,654,608</u>
		2,688,403	2,742,074
Non-controlling interests		<u>88,789</u>	<u>190,495</u>
Total equity		<u>2,777,192</u>	<u>2,932,569</u>

Notes:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES AND ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

- (a) The Group has adopted the following revised standards for the first time for the current year’s financial statements.

Amendments to HKAS 19 <i>Annual Improvements to 2010-2012 Cycle</i> <i>Annual Improvements to 2011-2013 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i>
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The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

- (b) The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

⁵ No mandatory effective date is determined but is available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate in a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 April 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2. OPERATING SEGMENT INFORMATION

2016	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:						
Sales to external customers	3,018,427	959,964	26,177	52,748	—	4,057,316
Intersegment sales	—	194	—	964	(1,158)	—
Other income and gains, net	<u>5,340</u>	<u>3,701</u>	<u>114,386</u>	<u>2,136</u>	<u>—</u>	<u>125,563</u>
Total	<u>3,023,767</u>	<u>963,859</u>	<u>140,563</u>	<u>55,848</u>	<u>(1,158)</u>	<u>4,182,879</u>
Segment results	<u>393,907</u>	<u>515,014</u>	<u>123,973</u>	<u>(90,409)</u>		942,485
Interest income						15,546
Fair value gains on derivative instruments - transaction not qualifying as hedge						5,302
Finance costs						<u>(11,496)</u>
Profit before tax						951,837
Income tax expense						<u>(439,329)</u>
Profit for the year						<u>512,508</u>

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

2016	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets and liabilities					
Segment assets	<u>1,171,984</u>	<u>2,480,806</u>	<u>322,895</u>	<u>263,635</u>	4,239,320
Unallocated					<u>1,368,735</u>
					<u>5,608,055</u>
Segment liabilities	<u>1,104,147</u>	<u>420,554</u>	<u>6,428</u>	<u>23,278</u>	1,554,407
Unallocated					<u>1,276,456</u>
					<u>2,830,863</u>
Other segment information:					
Depreciation	58,814	838	36	20,265	79,953
Impairment of trade receivables	—	—	—	4	4
Impairment/(write-back of impairment) of other receivables, net	—	—	(194)	293	99
Loss/(gain) on disposal and write-off of items of property, plant and equipment	4,891	131	—	(2,118)	2,904
Gain on disposal of subsidiaries, net	—	—	(112,852)	—	(112,852)
Changes in fair value of investment properties	—	(32,390)	—	—	(32,390)
Capital expenditure	<u>23,206</u>	<u>2,785</u>	<u>—</u>	<u>4,263</u>	<u>30,254</u>

2015	Foundation piling <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Corporate and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue:					
Sales to external customers	3,752,214	991,260	13,128	79,811	4,836,413
Intersegment sales	—	—	—	—	—
Other income and gains	<u>5,079</u>	<u>8,751</u>	<u>781</u>	<u>1,268</u>	<u>15,879</u>
Total	<u>3,757,293</u>	<u>1,000,011</u>	<u>13,909</u>	<u>81,079</u>	<u>4,852,292</u>
Segment results	<u>320,938</u>	<u>580,102</u>	<u>(40,356)</u>	<u>(49,207)</u>	811,477
Interest income					26,211
Fair value gains on derivative instruments - transaction not qualifying as hedge					229
Finance costs					<u>(14,706)</u>
Profit before tax					823,211
Income tax expense					<u>(317,045)</u>
Profit for the year					<u>506,166</u>

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

2015	Foundation	Property	Property	Corporate	Consolidated
	piling	development	investment	and others	
	HK\$'000	HK\$'000	and management HK\$'000	HK\$'000	HK\$'000
Assets and liabilities					
Segment assets	<u>1,611,410</u>	<u>2,209,243</u>	<u>662,224</u>	<u>280,555</u>	4,763,432
Unallocated					<u>804,436</u>
					<u>5,567,868</u>
Segment liabilities	<u>1,408,780</u>	<u>332,232</u>	<u>24,619</u>	<u>11,582</u>	1,777,213
Unallocated					<u>858,086</u>
					<u>2,635,299</u>
Other segment information:					
Depreciation	56,742	1,120	288	20,763	78,913
Impairment of items of property, plant and equipment	—	—	—	2,000	2,000
Impairment of trade receivables	—	—	—	387	387
Impairment of other receivables	—	—	1,069	—	1,069
Loss/(gain) on disposal and write-off of items of property, plant and equipment	406	(62)	113	(277)	180
Loss on disposal of an investment property	—	—	161	—	161
Loss on disposal of subsidiaries	—	—	91	699	790
Changes in fair value of investment properties	—	(60,815)	27,694	—	(33,121)
Capital expenditure	<u>62,497</u>	<u>1,027</u>	<u>54,971</u>	<u>19,234</u>	<u>137,729</u>

Geographical information

(a) *Revenue from external customers*

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	<u>3,053,602</u>	<u>3,507,933</u>	<u>17,573</u>	<u>324,695</u>	<u>986,141</u>	<u>1,003,785</u>	<u>4,057,316</u>	<u>4,836,413</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
2016	2015	2016	2015	2016	2015	2016	2015
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
336,734	388,601	—	108	181,773	1,836,140	518,507	2,224,849

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately HK\$1,130,196,000 (2015: HK\$662,183,000) was derived from sales by the foundation piling segment to a single customer.

3. OTHER INCOME AND GAINS, NET

	2016	2015
	HK\$'000	HK\$'000
Other income and gains, net:		
Interest income	15,546	26,211
Insurance claims	4,164	3,458
Subsidy income*	226	165
Foreign exchange gains, net	—	6,731
Fair value gains on derivative instruments - transaction not qualifying as hedge	5,302	229
Management service income	413	676
Gain on disposal of subsidiaries, net (note 15)	112,852	—
Others	7,908	4,849
	<u>146,411</u>	<u>42,319</u>

* There are no unfulfilled conditions or contingencies relating to this income.

4. FINANCE COSTS

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings and overdrafts	16,860	14,706
Less: Interest capitalised in properties under development	<u>(5,364)</u>	<u>—</u>
	<u>11,496</u>	<u>14,706</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	79,953	78,913
Impairment of items of property, plant and equipment	—	2,000
Impairment of trade receivables	4	387
Impairment of other receivables, net	99	1,069
Loss on disposal and write-off of items of property, plant and equipment	2,904	180
Loss on disposal of an investment property	—	161
Loss/(gain) on disposal of subsidiaries, net	(112,852)	790
Fair value gains on derivative instruments - transaction not qualifying as hedge	(5,302)	(229)
Impairment of an amount due from an associate	<u>11</u>	<u>14</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere in the People's Republic of China ("PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current:		
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	48,947	18,371
Elsewhere	<u>345,075</u>	<u>335,623</u>
	394,022	353,994
Overprovision in the prior years:		
PRC:		
Hong Kong	(79)	(39)
Elsewhere	<u>—</u>	<u>(178)</u>
	(79)	(217)
Deferred tax	<u>45,386</u>	<u>(36,732)</u>
Total tax charge for the year	<u><u>439,329</u></u>	<u><u>317,045</u></u>

7. DIVIDENDS

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2015 — HK15.0 cents (year ended 31 March 2014: HK10.0 cents) per ordinary share	131,200	87,467
Interim — HK20.0 cents (2015: HK5.0 cents) per ordinary share	<u>174,933</u>	<u>43,733</u>
	<u><u>306,133</u></u>	<u><u>131,200</u></u>
Proposed final dividend:		
Final — Nil (2015: HK15.0 cents per ordinary share)	<u>—</u>	<u>131,200</u>

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$396,874,000 (2015: HK\$399,394,000), and the number of ordinary shares of 874,665,903 (2015: 874,665,903) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2016 and 2015.

9. INTERESTS IN AN ASSOCIATE

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	<u>384</u>	<u>373</u>
	384	373
Less: Impairment	<u>(384)</u>	<u>(373)</u>
	<u>—</u>	<u>—</u>

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

10. TRADE AND RETENTION RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:		
Within 90 days	415,191	629,061
91 to 180 days	5,205	117
181 to 360 days	3,535	10,388
Over 360 days	<u>12,619</u>	<u>2,180</u>
	436,550	641,746
Retention receivables	<u>290,693</u>	<u>374,895</u>
	<u>727,243</u>	<u>1,016,641</u>

Included in the trade and retention receivables is an amount due from a related company of HK\$572,000 (2015: HK\$254,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 30 days, and are subject to periodic review by management.

11. TRADE AND RETENTION PAYABLES AND ACCRUALS

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables:		
Within 90 days	193,460	296,839
91 to 180 days	273	1,849
Over 180 days	<u>531</u>	<u>1,560</u>
	194,264	300,248
Retention payables	190,870	184,246
Accruals	<u>253,987</u>	<u>439,188</u>
	639,121	923,682
Less: Accrual classified as non-current liabilities	<u>(4,387)</u>	<u>—</u>
	<u><u>634,734</u></u>	<u><u>923,682</u></u>

12. CONTINGENT LIABILITIES

(a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Guarantees in respect of performance bonds in relation to subsidiaries	<u>195,469</u>	<u>416,775</u>

(b) As at 31 March 2016, the Group provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to HK\$14,277,000 (2015: Nil).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for these guarantees in the financial statements.

13. COMMITMENTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
(a) Property, plant and equipment and investment properties:		
- contracted, but not provided for	<u>—</u>	<u>6,586</u>
(b) Construction works relating to properties under development:		
- contracted, but not provided for	<u>393,734</u>	<u>878,527</u>
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
- Within one year	17,597	58,700
- In the second to fifth years, inclusive	<u>13,602</u>	<u>3,267</u>
	<u>31,199</u>	<u>61,967</u>

14. ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 18 March 2015, Tysan Property Development & Investment Limited (“TPDIL”), a wholly-owned subsidiary of the Company, and the non-controlling shareholder of Sparkle Key Limited, entered into a sale and purchase agreement pursuant to which, TPDIL acquired a 3% equity interest in Sparkle Key Limited from the non-controlling shareholder and the interest-free shareholder’s loan of HK\$10,800,000 owing by Sparkle Key Limited to the non-controlling shareholder at a cash consideration of HK\$15,000,000 (of which HK\$4,200,000 was for the acquisition of the equity interest in Sparkle Key Limited and HK\$10,800,000 was for the settlement of the shareholder’s loan) (“Sparkle Key Acquisition”). The Sparkle Key Acquisition was completed on 18 March 2015.

Upon the completion of the Sparkle Key Acquisition, Sparkle Key Limited became an indirectly wholly-owned subsidiary of the Company. The Sparkle Key Acquisition did not result in any change in control by the Company over Sparkle Key Limited and such acquisition was accounted for as an equity transaction. Accordingly, the debit balance of HK\$3,246,000, between the consideration of HK\$15,000,000, and the aggregate of the carrying amount of non-controlling interest of HK\$954,000 and the loan from the then non-controlling shareholder of HK\$10,800,000, was recorded in the retained profits in the equity for the year ended 31 March 2015.

15. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Hiat Investment Limited

On 11 December 2015, the Group and an independent third party (the “Hiat Investment Purchaser”), entered into a sale and purchase agreement pursuant to which, the Hiat Investment Purchaser acquired the entire equity interest in Hiat Investment Limited and the interest-free shareholder’s loan of HK\$23,495,000 owing by Hiat Investment Limited to the Group at a total consideration of RMB87,500,000 (equivalent to HK\$105,577,000) (the “Hiat Investment Disposal”). The Hiat Investment Disposal was completed on 11 December 2015. Hiat Investment Limited was principally engaged in property leasing and management business in Shanghai and the registered owner of the whole of Block B and twenty-five car parks of Aidu Apartment located in Shanghai for residential use.

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During the year ended 31 March 2016, a cash consideration of RMB83,000,000 (equivalent to HK\$100,192,000) was received. A consideration of RMB4,000,000 (equivalent to HK\$4,787,000) was received subsequent to the end of the reporting period. According to the terms of the sale and purchase agreement, the remaining consideration of RMB500,000 (equivalent to HK\$598,000) will be settled in December 2016.

	2016
	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	43
Investment properties	134,812
Prepayments, deposits and other receivables	153
Cash and bank balances	63
Trade payables and accruals	(132)
Other payables	(3)
Deferred tax liabilities	(13,456)
Loan from the Group	<u>(23,495)</u>
	97,985
Release of exchange fluctuation reserve	(13,898)
Loan from the Group assigned	23,495
Loss on disposal of a subsidiary	<u>(2,005)</u>
	<u>105,577</u>
Satisfied by:	
Cash consideration	100,192
Other receivables	<u>5,385</u>
Total consideration	<u>105,577</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Hiat Investment Disposal during the year ended 31 March 2016 is as follows:

	2016
	<i>HK\$'000</i>
Cash consideration	100,192
Cash and bank balances disposed of	<u>(63)</u>
Net inflow of cash and cash equivalents in respect of the Hiat Investment Disposal	<u>100,129</u>

(b) Disposal of Shanghai China Garden International Real Estate Development & Management Company Limited

On 17 November 2015, the Group and an independent third party (the “Shanghai China Garden Purchaser”), entered into a sale and purchase agreement, pursuant to which the Shanghai China Garden Purchaser acquired the entire equity interest in Shanghai China Garden International Real Estate Development & Management Company Limited (“Shanghai China Garden”) at a consideration of RMB318,527,000 (equivalent to HK\$375,767,000) (the “Shanghai China Garden Disposal”). The Shanghai China Garden Disposal was completed on 1 February 2016. Shanghai China Garden was principally engaged in property leasing and management business in Shanghai and was the registered owner of the residential properties known as “China Garden” in Shanghai.

During the year ended 31 March 2016, a cash consideration of RMB141,750,000 (equivalent to HK\$164,218,000) was received. A consideration of RMB145,877,000 (equivalent to HK\$174,571,000) was received subsequent to the end of the reporting period. According to the terms of the sale and purchase agreement, the remaining consideration of RMB30,900,000 (equivalent to HK\$36,978,000) will be settled within five Business Days after the Group provides the Shanghai China Garden Purchaser with a copy of the documentary evidence showing that the Group has paid the tax and duty to the PRC authority in respect of the Shanghai China Garden Disposal.

	2016
	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	48
Investment properties	353,910
Inventories	9
Prepayments, deposits and other receivables	95
Cash and bank balances	14,265
Trade payables and accruals	(3,137)
Other payables, deposits received and receipt in advance	(7,045)
Deferred tax liabilities	<u>(74,606)</u>
	283,539
Release of exchange fluctuation reserve	(22,629)
Gain on disposal of a subsidiary	<u>114,857</u>
	<u>375,767</u>
Satisfied by:	
Cash consideration	164,218
Other receivables	<u>211,549</u>
Total consideration	<u>375,767</u>

An analysis of the net inflow of cash and cash equivalents in respect of the Shanghai China Garden Disposal during the year ended 31 March 2016 is as follows:

	2016
	<i>HK\$'000</i>
Cash consideration	164,218
Cash and bank balances disposed of	<u>(14,265)</u>
Net inflow of cash and cash equivalents in respect of the Shanghai China Garden Disposal	<u><u>149,953</u></u>

Further details of the Shanghai China Garden Disposal were disclosed in the Company's announcement dated 17 November 2015.

(c) **Disposal of Tremend Yield Limited**

On 11 December 2014, TPDIL, a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its equity interest in Tremend Yield Limited and the rights and benefits in the interest-free shareholder's loan of HK\$6,404,000 owing by Tremend Yield Limited to TPDIL, at a cash consideration of HK\$21,875,000, to Mr. Fung Chiu Chak, Victor ("Mr. Fung") (the "Tremend Yield Disposal"). The Tremend Yield Disposal was completed on 19 December 2014. Tremend Yield Limited was a property investment company whose main asset was a shop in Tai Kok Tsui, Kowloon for commercial use.

	2015
	<i>HK\$'000</i>
Net assets disposed of:	
Investment property	22,530
Deposits	1
Bank balances	279
Accruals	(24)
Other payables and deposits received	(167)
Tax payable	(93)
Deferred tax liability	(560)
Loan from the Group	<u>(6,404)</u>
	15,562
Loan from the Group assigned	6,404
Loss on disposal of a subsidiary	<u>(91)</u>
	<u><u>21,875</u></u>
Satisfied by:	
Cash consideration	<u><u>21,875</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the Tremend Yield Disposal during the year ended 31 March 2015 is as follows:

	2015
	<i>HK\$'000</i>
Cash consideration	21,875
Bank balances disposed of	<u>(279)</u>
Net inflow of cash and cash equivalents in respect of the Tremend Yield Disposal	<u><u>21,596</u></u>

Further details of the Tremend Yield Disposal were disclosed in the Company's announcement dated 11 December 2014.

(d) Disposal of Tysan Engineering Company Limited

On 11 December 2014, Tysan Construction Company Limited ("TCCL"), a wholly-owned subsidiary of the Company, entered into a disposal agreement to dispose of all of its equity interest in Tysan Engineering Company Limited ("TECL") and the rights and benefits in the interest-free shareholder's loan of HK\$6,433,000 owing by TECL to TCCL, at a cash consideration of HK\$5,794,000, to Mr. Fung (the "Tysan Engineering Disposal"). The Tysan Engineering Disposal was completed on 19 December 2014. TECL and its subsidiaries are principally engaged in the provision of electrical and mechanical engineering services. Immediately after the completion of the Tysan Engineering Disposal, TECL, which is controlled by Mr. Fung, became a related company of the Group.

	2015
	<i>HK\$'000</i>
Net assets disposed of:	
Amounts due from customers for contract works	6,857
Trade receivables	4,619
Prepayments, deposits and other receivables	90
Bank balances	1,534
Trade payables and accruals	(2,514)
Other payables	(162)
Amounts due to customers for contract works	(748)
Interest-bearing bank borrowing	(400)
Loan from the Group	(6,433)
Loan from a non-controlling shareholder	(2,757)
Non-controlling interests	<u>(26)</u>
	60
Loan from the Group assigned	6,433
Loss on disposal of subsidiaries	<u>(699)</u>
	<u><u>5,794</u></u>
Satisfied by:	
Cash consideration	<u><u>5,794</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the Tysan Engineering Disposal during the year ended 31 March 2015 is as follows:

	2015 <i>HK\$'000</i>
Cash consideration	5,794
Bank balances disposed of	<u>(1,534)</u>
Net inflow of cash and cash equivalents in respect of the Tysan Engineering Disposal	<u>4,260</u>

Further details of the Tysan Engineering Disposal were disclosed in the Company's announcement dated 11 December 2014.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2016, being the latest practicable date for the purpose of preparation of this statement prior to the publication of this document, the Group had bank borrowings amounting to approximately HK\$856,357,000, details of which are as follows:

Bank borrowings

The following table illustrates the Group's indebtedness as at 30 April 2016:

	<i>HK\$'000</i>
<i>Current</i>	
Bank loans, unsecured	188,221
Bank loan, secured	5,780
Installment loan, secured	<u>4,281</u>
	<u>198,282</u>
<i>Non-Current</i>	
Bank loans, unsecured	580,854
Installment loan, secured	<u>77,221</u>
	<u>658,075</u>
Total	<u>856,357</u>

The Group's bank loans in the amount of approximately HK\$1,940,000 containing a repayment on demand clause were included within current secured bank loan. Based on the maturity terms of the bank loans, the amount repayable within one year or on demand as at 30 April 2016 was approximately HK\$196,342,000.

As at 30 April 2016, the Group's bank borrowings were secured by certain of the Group's land and buildings, and equipment and machinery with carrying amounts of approximately HK\$174,247,000 and Nil, respectively. All bank borrowings were supported by corporate guarantees from the Company and certain subsidiaries of the Company, respectively. Mr. Fung, who is a beneficial shareholder of certain subsidiaries of the Company through Fortunate Pool, also provided personal guarantees in respect of borrowing facilities granted to these subsidiaries.

Contingent liabilities

- (a) As at 30 April 2016, the Group provided guarantees to certain banks in respect of performance bonds granted to certain subsidiaries of approximately HK\$190,087,000.
- (b) As at 30 April 2016, the Group has provided guarantees in respect of mortgage facilities granted by Shenyang Housing Fund Management Center relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Company and the outstanding mortgage loans under these guarantees amounted to approximately HK\$14,281,000.
- (c) As at 30 April 2016, the Company provided guarantees to certain banks in connection with general credit facilities granted to its certain subsidiaries in an aggregate amount of approximately HK\$1,172,183,000.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or hire purchase commitments guarantees or other contingent liabilities as at the close of business on 30 April 2016.

4. MATERIAL CHANGE

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, being the date to which the latest published financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (a) the Group's net assets would be reduced by HK\$841.23 million after payment of the consideration under Foundation Transaction and the acquisition-related costs;

- (b) the Group's net assets would be decreased by HK\$192.41 million after payments under the Management Incentive Scheme upon completion of the Tides Transaction;
- (c) as stated in the Profit Warning Announcement, the Board made a preliminary assessment based on information then available and informed the Shareholders and potential investors that (i) it did not expect a gain on disposal of subsidiaries of approximately HK\$113 million which occurred during the year ended 31 March, 2016 to recur during the year ending 31 March 2017; and (ii) in view of an amount of approximately HK\$197.98 million payable under the Management Incentive Scheme after completion of the Tides Transaction, of which approximately HK\$192.41 million would be charged to the consolidated statement of profit or loss for the year ending 31 March 2017, there will be a significant and negative impact on the Group's financial results for the six months ending 30 September 2016 and the full financial year ending 31 March 2017;
- (d) the Group expects that the profit margins for the Hong Kong foundation piling and construction businesses as a whole to be negatively affected by reduced profit margins given market factors such as labour shortages, rising operating costs and intensification of competition. Based on the tenders it has submitted after 31 March 2016, being its most recent financial year end, it has been observed by the Group that successful tenders for the Group or others have been achieved at levels of decreased profit margins as compared to the average profit margin achieved by the Group for the most recent financial year ended 31 March 2016 and this trend could continue for the rest of the year. However, given it is relatively early in the current financial year, the Group is not able to meaningfully estimate the negative impact of current trends observed in the foundation piling and construction business; and
- (e) the Group expects that profit margins from the sale of its property development project in Shenyang, the PRC may not be as high as those of its development projects in Shanghai and Tianjin which are first tier cities in the PRC.

The Company has funded the payment of the consideration of the Foundation Transaction and payments under the Management Incentive Scheme out of the internal resources of the Group. The Company had sufficient cash and bank balances and funds in short term time deposits to satisfy both payments.

ANGLO CHINESE

CORPORATE FINANCE, LIMITED
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinesegroup.com

財務顧問有限公司
英高

REPORT FROM ANGLO CHINESE CORPORATE FINANCE, LIMITED

The following is the full text of the report prepared for the purpose of incorporation in this Composite Document received from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser of the Company.

7 July, 2016

The Board of Directors
Tysan Holdings Limited
20th Floor, One Island South
No. 2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Dear Sirs,

**Re: Tysan Holdings Limited (the “Company”)
Forecast**

We refer to the Profit Warning Announcement made by the directors of the Company (the “**Directors**”) and referred to in the letter from the Board included in the Composite Document. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise specified.

The Forecast constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by both the Company’s financial adviser and its accountants or auditors. This letter is issued in compliance with the requirement under Rule 10.4 of the Takeovers Code.

40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
Telephone (852) 2845 4400 Facsimile: (852) 2845 1162 e-mail: accf@anglochinesegroup.com

We have discussed with the Directors the bases and principal assumptions underlying the Forecast. We have also considered the result of the review of the Forecast by Ernst & Young, the auditors of the Company. Ernst & Young is of the opinion that, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the bases and principal assumptions adopted by the Directors as set out in the letter from the Board included in the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the financial statements of the Company for the year ended 31 March, 2016.

In formulating our opinion we have relied on the information, opinions and the facts supplied to us by the Company, including the Forecast and the bases and principal assumptions underlying the Forecast as stated on page 20 of the letter from the Board. We have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company and, or the Directors, and have been advised by the Directors that no material information has been omitted or withheld from the information supplied to us relevant to the delivery of our opinion. We have relied on the information so provided to us and, or referred to in the letter from the Board, and we have not verified it or conducted independent investigation into the business and affairs of the Group.

On the basis of the foregoing, we are of the opinion that the Forecast, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
Anglo Chinese Corporate Finance, Limited

Stephanie Wong
Director

The full text of the report dated 7 July 2016 received from Ernst & Young on the Profit Warning Announcement is reproduced below:



22/F
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

7 July 2016

The Board of Directors
Tysan Holdings Limited
20/F One Island South
2 Heung Yip Road
Wong Chuk Hang
Hong Kong

Dear Sirs,

Tysan Holdings Limited (the “Company”)

Forecast of results for the six months ending 30 September 2016 and the year ending 31 March 2017

We refer to the forecast of the consolidated results attributable to equity holders of the Company for the six months ending 30 September 2016 and the year ending 31 March 2017 (the “Forecast”). The Forecast has been prepared to enable the directors of the Company to make the following statement in the Company’s profit warning announcement dated 4 July 2016 (the “Profit Warning Announcement”).

“it does not expect a gain on disposal of subsidiaries of approximately HK\$113 million which occurred during the year ended 31 March 2016 to recur during the year ending 31 March 2017 and in light of the Management Incentive Scheme Expense being charged to the consolidated statement of profit or loss for the year ending 31 March 2017, there will be a significant and negative impact on the Group’s financial results for the six months ending 30 September 2016 and the full financial year ending 31 March 2017.”

Directors’ responsibilities

The Forecast has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Group for the two months ended 31 May 2016 and a forecast of the consolidated results of the Group for the four months ending 30 September 2016 and six months ending 31 March 2017.

The Company's directors are solely responsible for the Forecast.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Forecast in accordance with the bases and assumptions adopted by the directors and as to whether the Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors as set out in section 10 of "LETTER FROM THE BOARD" in the composite document of the Company dated 7 July 2016 and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in its financial statements for the year ended 31 March 2016.

Yours faithfully,

Ernst & Young
Certified Public Accountants

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company and HNA Finance I.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the HNA Finance I and its Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by HNA Finance I and its Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The directors of HNA Finance I jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The directors of HNA Group jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY**(a) Share capital**

As at the Latest Practicable Date, the authorised share capital and the issued share capital of the Company were as follows:

<i>Authorised Share Capital:</i>	<i>HK\$</i>
2,000,000,000 Shares	200,000,000
<i>Issued and fully paid-up Share Capital:</i>	
874,665,903 Shares	87,466,590.30

All the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital and dividends and voting.

As at the Latest Practicable Date, no new Shares had been issued by the Company since 31 March 2016 (being the date to which its latest published financial statements were prepared).

As at the Latest Practicable Date, there were no outstanding warrants or options or other securities carrying rights of conversion into or exchange or subscription for the Shares or derivatives issued by the Company.

(b) Listing

The Shares are listed and traded on the main board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. MARKET PRICES

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date Before Initial Announcement; (iii) on the Last Trading Date Before Joint Announcement; (iv) the last day on which trading took place in each of the calendar months during the Relevant Period:

Date	Closing price per Share HK\$
30 September 2015	3.23
30 October 2015	3.25
30 November 2015	3.48
31 December 2015	3.25
29 January 2016	2.95
29 February 2016	3.66
8 March 2016 (being the Last Trading Date Before the Initial Announcement)	3.99
31 March 2016	4.09
19 April 2016 (being the Last Trading Date Before the Joint Announcement)	4.42
29 April 2016	4.49
31 May 2016	4.48
30 June 2016	4.41
4 July 2016 (being the Latest Practicable Date)	4.52

- (b) During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$4.55 on 20 April 2016, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.85 on 20 January 2016, 21 January 2016 and 3 February 2016.

4. DISCLOSURE OF INTERESTS IN SHARES AND COMMITMENTS WITH RESPECT TO THE OFFER

- (a) As at the Latest Practicable Date, none of the Directors was interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (b) As at the Latest Practicable Date, save as disclosed below, HNA Finance I did not own any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

Name of Shareholder	Capacity	Number of issued Shares held	Total interest in Shares	Percentage of issued share capital (%)
HNA Finance I	Beneficial owner	577,279,496	577,279,496	66

- (c) As at the Latest Practicable Date, none of the directors of HNA Finance I was interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (d) As at the Latest Practicable Date, save and except the holdings by exempt persons under the Takeovers Code, none of the Concert Parties of HNA Finance I owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (e) As at the Latest Practicable Date, save for Tides Holdings II which has irrevocably undertaken to HNA Finance I pursuant to the Deed of Undertaking that it will not accept the Offer in respect of the 78,719,931 Shares held by it, no person who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares had, prior to the Despatch Date, irrevocably committed themselves to accept or reject the Offer.
- (f) As at the Latest Practicable Date, save for Tides Holdings II, no person with whom HNA finance I or any of its Concert Parties had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (g) As at the Latest Practicable Date, none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code but excluding any exempt principal trader, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (h) As at the Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis.
- (i) As at the Latest Practicable Date, as none of the Directors was interested in any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, none of the Directors had committed themselves to accept or reject the Offer.

- (j) As at the Latest Practicable Date, save and except for certain borrowings or lendings by exempt persons under the Takeovers Code, none of HNA Finance I or its Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares, save for any borrowed Shares or any convertible securities, warrants, options or derivatives in respect of any Shares which had been either on-lent or sold.
- (k) As at the Latest Practicable Date, none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares.

5. DISCLOSURE OF INTERESTS IN SHARES OF HNA FINANCE I

- (a) As at the Latest Practicable Date, neither the Company, nor any member of the Group, was interested in any shares of HNA Finance I or any warrants, options, convertible securities or derivatives in respect of any shares of HNA Finance I.
- (b) As at the Latest Practicable Date, none of the Directors was interested within the meaning of Part XV of the SFO in any shares of HNA Finance I or any warrants, options, convertible securities or derivatives in respect of any shares of HNA Finance I.

6. DEALINGS IN SHARES

- (a) During the Relevant Period, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares.
- (b) During the Offer Period and up to the Latest Practicable Date, none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company or, any adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders (except as otherwise indicated) had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) During the Relevant Period, save for (i) entering into the Tides SPA and (ii) certain dealings by exempt persons under the Takeovers Code and excluding dealings on a non-discretionary basis by the associates of HNA Finance I, which are subject to private disclosure under the Takeovers Code, none of Tides Holdings II, HNA Finance I, the directors of HNA Finance I or its Concert Parties had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.
- (d) During the Offer Period and up to the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares.

7. DEALINGS IN SHARES OF HNA FINANCE I

During the Relevant Period, neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of HNA Finance I or any other convertible securities, warrants, options or derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any shares of HNA Finance I.

8. SERVICE CONTRACTS

On 4 July 2016, the Company and TFHK entered into a service agreement with Mr. Fung, pursuant to which Mr. Fung was appointed as the chief executive officer and an executive Director of the Company and would, subject to the terms of the service agreement, remain as a director of TFHK for a period of 18 months after 4 July 2016 (or for such longer period as Mr. Fung and the Company may agree). Under the service agreement, Mr. Fung is entitled to a monthly salary of HK\$747,500, representing an increase of 15% as compared with his emoluments in effect on 1 April 2016. Subject to Mr. Fung remaining as an employee of the Company or there not having been any notice of termination of employment served on Mr. Fung, Mr. Fung will be entitled to receive a bonus for the calendar year ending 31 December 2016 in the sum of HK\$13,800,000 and a discretionary bonus for the calendar year ending 31 December 2017. Mr. Fung is also entitled to staff quarters at the cost of the Company during his employment and use of a company car, as well as participation in incentive plans as may be adopted by the Company or any member of the Group from time to time and in the Group's medical insurance scheme. Save as set out above, the terms of appointment of Mr. Fung by the Group remain largely the same.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:-

- (a) was entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period, on 9 March 2016;
- (b) is a continuous contract with a notice period of 12 months or more; or
- (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

10. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, were entered into by a member of the Group during the period from the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date and are or may be material:

- (a) the Foundation SPA dated 19 April 2016 entered into among the Company as purchaser, Fortunate Pool as vendor and Mr. Fung as a guarantor in relation to the obligations, commitments and undertakings of Fortunate Pool under the Foundation SPA for an aggregate consideration of HK\$836,790,400; and
- (b) the master agreement dated 3 November 2014 entered into among TFHK, Tysan Engineering Company Limited (owned as to 78% by Mr. Fung), Proficiency Equipment Limited (a wholly-owned subsidiary of the Company) and Tysan Building Construction Company Limited (indirectly wholly-owned by Mr. Fung) to regulate the business relationship and subcontracting of foundation works, building construction works, electrical and mechanical engineering works, and rental and engineering work relating to tower cranes among them (including their subsidiaries).

Under the master agreement, no consideration is payable unless and until there are transactions carried out. The annual caps, being the maximum aggregate value of the contract sum in respect of each category of works to be subcontracted in the manner as provided for in the master agreement, for each of the financial years concerned under the master agreement (excluding transactions between subsidiaries of TFHK), are as follows:

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

11. EXPERTS

The following are the qualifications of the experts who have been named in this Composite Document and/or given opinion or advice which are contained in this Composite Document:

Name	Qualification
CCBI	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
HKICM	a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Anglo Chinese Corporate Finance, Limited	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified public accountants

12. CONSENTS

- (a) CCBI has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and references to its name in the form and context in which they are included.
- (b) HKICM has given and has not withdrawn its written consent to the issue of this Composite Document with references to its name in the form and context in which they are included.
- (c) Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion and/or references to its name in the form and context in which they are included.
- (d) Ernst & Young has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its report and references to its name in the form and context in which they are included.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offer or is otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by HNA Finance I in which any Director has a material personal interest.
- (d) As at the Latest Practicable Date, save for the Deed of Undertaking, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between HNA Finance I, or its Concert Parties, and any other person.
- (e) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any of the Company's associates by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, and any other person.
- (f) As at the Latest Practicable Date, save for the Tides SPA, there is no agreement, arrangement or understanding (including any compensation arrangement) between HNA Finance I or any of its Concert Parties, on the one hand, and any Directors, recent directors of the Company, Shareholders or recent shareholders of the Company, on the other hand, having any connection with or dependence upon or is otherwise connected with the Offer.
- (g) As at the Latest Practicable Date, save for the 577,279,496 Shares charged to CCB International Securities Limited under the Security Deed and the Shares to be acquired by HNA Finance I in the Offer which will also be charged to CCB International Securities Limited under the Security Deed, the Shares acquired in the Offer will not be charged or pledged to any other person; and unless otherwise required by the Listing Rules with regard to the public float requirements, HNA Finance I has no intention to transfer any such Shares acquired in the Offer.
- (h) HNA Finance I is an indirectly wholly-owned subsidiary of HNA Group. The directors of HNA Group are Mr. Chen Feng, Mr. Wang Jian, Mr. Li Xianhua, Mr. Tan Xiangdong, Mr. Chen Wenli, Mr. Lu Ying, Mr. Huang Gan, Mr. Zhang Ling and Mr. Huang Qijun.

- (i) The registered address of HNA Finance I is P.O. Box 850, Offshore Incorporations Centre, The Valley, Anguilla, British West Indies.
- (j) The registered address of HNA Group is 29 Haixiu Road, Haikou, Hainan, PRC.
- (k) The registered address of Hong Kong HNA Holding Group Co. Limited is 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.
- (l) The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (m) The head office and principal place of business of the Company in Hong Kong is at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.
- (n) The principal business address of CCBI is 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.
- (o) The principal business address of HKICM is at 26/F, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong.
- (p) The principal business address of the Independent Financial Adviser is 40/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (q) The Offer is unconditional in all respects; and, as such, there is no agreement or arrangement to which HNA Finance I is party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC at <http://www.sfc.hk>; (ii) on the website of the Company at www.tysan.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the principal place of business of the Company in Hong Kong at 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong, from the date of this Composite Document up to the Closing Date:

- (a) the memorandum of association and Bye-laws of the Company;
- (b) the articles of incorporation of HNA Finance I;
- (c) the annual reports of the Company for each of the years ended 31 March 2014 and 2015;
- (d) the announcement of results of the Company for the year ended 31 March 2016;

- (e) the letter from CCBI dated 7 July 2016, the text of which is set out on pages 7 to 15 of this Composite Document;
- (f) the letter from the Board dated 7 July 2016 to the Independent Shareholders, the text of which is set out on pages 16 to 22 of this Composite Document;
- (g) the letter from the Independent Board Committee dated 7 July 2016 to the Independent Shareholders, the text of which is set out on pages 23 to 24 of this Composite Document;
- (h) the letter from the Independent Financial Adviser dated 7 July 2016 to the Independent Board Committee, the text of which is set out on pages 25 to 51 of this Composite Document;
- (i) the report issued by the Independent Financial Adviser, the text of which is set out in Appendix III to this Composite Document;
- (j) the report from Ernst & Young as set out in Appendix IV to this Composite Document;
- (k) the service contract referred to in paragraph 8 of this Appendix V;
- (l) the material contracts referred to in paragraph 10 of this Appendix V;
- (m) the written consents referred to in paragraph 12 of this Appendix V;
- (n) the Deed of Undertaking;
- (o) the CCBC Facility Agreement;
- (p) the CCBC Supplemental Agreement;
- (q) the CCBIS Facility Agreement; and
- (r) the Security Deed.