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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00687)

CONNECTED TRANSACTION — BANK GUARANTEE

Summary

The Board announces that on 22 November 2005 the Company provided a guarantee in favour of the Bank in order to obtain Banking Facilities for TBC subject to independent Shareholders' approval. TBC is owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong. As both Mr. Fung and Mr. Wong are Directors, TBC is a connected person of the Company under Rule 14A.11 of the Listing Rules. The provision of the Bank Guarantee by the Company for a connected person constitutes a connected transaction and is subject to the reporting, announcement and independent Shareholders' approval pursuant to Rule 14A.63 of the Listing Rules.

A circular containing, inter alia, details of the Bank Guarantee, a letter from an independent financial adviser containing its advice on the Bank Guarantee, and a letter from the Independent board Committee together with a notice convening the SGM of the Company will be dispatched to Shareholders as soon as practicable.

CONNECTED TRANSACTION

Bank Guarantee

Borrower: TBC
Lender: the Bank
Guarantor: the Company
Banking Facilities: HK\$40 million revolving credit facilities and HK\$5 million revolving trade financing facilities, totalling HK\$45 million, to be made available by the Bank for use by TBC

The Banking Facilities are available for use by TBC upon execution of the Bank Guarantee. The Company is required to provide the Bank Guarantee in favour of the Bank, an independent third party not connected with the directors, chief executive, substantial shareholders of the Company and its subsidiaries or any of their respective associates, as security for the Banking Facilities. The maximum liability of the Company in respect of the Banking Facilities under the Bank Guarantee is limited to HK\$45 million.

Each of the other shareholders of TBC will provide a pro rata counter indemnity to the Company in respect of the Bank Guarantee such that the liabilities arising from the Bank Guarantee will be shared among all other shareholders of TBC. No fee, security or other form of remuneration will be provided to the Company by TBC or the other shareholders of TBC in respect of the Bank Guarantee.

Reasons and benefits of the Bank Guarantee

The Bank Guarantee is provided as security to enable TBC to obtain the Banking Facilities to support their normal commercial operations such as, without limitation, the establishment of documentary letter of credit, project financing and the issue of bonds.

Having considered the rates and terms of the Banking Facilities, the Directors are of the view that it is beneficial for TBC to make use of Banking Facilities rather than other forms of financing such as equity or shareholders' loans in order to enjoy lower funding costs.

The Directors are of the view that the rates and terms of the Banking Facilities are similar to those provided by other banks and are on normal commercial terms.

It is common for banks to require a sole or joint and several guarantees to be given by the ultimate listed holding company because they are more confident in the financial position of the listed company and therefore consider its guarantee to be a better security for their banking facilities. Furthermore, a guarantee on several bases (instead of on a joint and several bases) is usually not acceptable to banks.

As the Bank Guarantee is provided on normal commercial terms and in the circumstances mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Bank Guarantee are fair and reasonable so far as the Shareholders are concerned and are in the best interest of the Company and its Shareholders as a whole.

Listing Rules implications

TBC is a subsidiary of the Company (which controls the composition of the board of directors of TBC) and is owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong. Both Mr. Fung and Mr. Wong are Directors and therefore, TBC is a connected person of the Company under Rule 14A.11 of the Listing Rules. The provision of the Bank Guarantee by the Company to connected person constitutes a connected transaction. As the prescribed thresholds for exemption under Rule 14A.65 of the Listing Rules have been exceeded, the provision of the Bank Guarantee is subject to the disclosure requirements and approval by independent Shareholders pursuant to Rule 14A.63 of the Listing Rules. The Company will seek the approval by the independent Shareholders by way of a poll at the SGM.

OTHER INFORMATION

The Group is principally engaged in foundation piling, machinery hiring and trading and property investment and development. The principal business of TBC is in the provision of building and construction works.

The SGM will be convened at which resolutions will be proposed to consider and, if thought fit, approve the Bank Guarantee. Mr. Fung, Mr. Wong and other shareholders of TBC and their respective associates will abstain from voting in the SGM.

A circular containing, inter alia, details of the Bank Guarantee, a letter from an independent financial adviser containing its advice on the Bank Guarantee, a letter from the Independent Board Committee together with a notice convening the SGM will be dispatched to Shareholders as soon as practicable.

GENERAL

As at the date of this announcement, the executive Directors are (1) Mr. Francis Cheung; (2) Mr. Fung Chiu Chak, Victor; (3) Mr. David Chien; (4) Miss Jennifer Kwok; (5) Mr. Chiu Chin Hung; and (6) Mr. Wong Kay, and the independent non-executive Directors are Mr. Fan Chor Ho, Paul, Mr. Tse Man Bun and Mr. Chau Cham Son.

Definitions

"Bank" a financial institution in Hong Kong;
"Bank Guarantee" the corporate guarantee provided by the Company to the Bank in respect of the Banking Facilities as described in section headed "Bank Guarantee" above;
"Banking Facilities" HK\$40 million revolving credit facilities and HK\$5 million revolving trade financing facilities, totalling HK\$45 million, to be made available by the Bank for use by TBC;
"Board" the board of Directors;
"Company" Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange;
"Director(s)" the director(s) of the Company;
"Group" the Company and its subsidiaries;
"Independent Board Committee" an independent board committee of the Company comprising Messrs. Fan Chor Ho Paul, Tse Man Bun and Chau Cham Son;
"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr. Fung" Mr. Fung Chiu Chak, Victor, an executive Director;
"Mr. Wong" Mr. Wong Kay, an executive Director;
"SGM" special general meeting of the Company to be convened to approve the provision of the Bank Guarantee as security for the Banking Facilities;
"Shareholders" shareholders of the Company;
"Stock Exchange" The Stock Exchange of Hong Kong Limited; and
"TBC" Tysan Building Construction Company Limited, a company owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong.

By Order of the Board
Tysan Holdings Limited
Francis Cheung
Chairman