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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, 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 circular and the accompanying proxy form, if any, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**TYSAN HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF EQUITY INTERESTS IN  
NON WHOLLY-OWNED SUBSIDIARIES**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**CENTURION CORPORATE FINANCE LIMITED**

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A letter from the Board is set out on pages 6 to 17 of this circular and a letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 20 to 37 of this circular.

A notice convening a special general meeting of Tysan Holdings Limited to be held at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 13 January 2011 is set out on pages 64 and 65 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the principal place of business of Tysan Holdings Limited in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

22 December 2010

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## DEFINITIONS

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*In this circular, unless the context indicates or specifies otherwise, the following defined expressions have the following meanings:*

“Acquisition”	the acquisition of the Sale Shares and the Sale Debts in the Target Companies contemplated under the Sale and Purchase Agreement
“Allbright Investments”	Allbright Investments Limited, a private company of limited liability incorporated in the BVI
“Allbright Investments Sale Debt”	shareholders’ loans in the total sum of HK\$20,337,369 being indebted by Allbright Investments to Golden Trade as at the date of the Sale and Purchase Agreement
“Allbright Investments Sale Shares”	40 shares of par value of US\$1 each of and in Allbright Investments issued to and registered in the name of Golden Trade, representing 40% issued share capital of Allbright Investments
“Asian Business”	Asian Business (HK) Limited, a private company of limited liability incorporated in Hong Kong
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beneficial Enterprises”	Beneficial Enterprises Limited, a private company of limited liability incorporated in the BVI
“Beneficial Enterprises Sale Shares”	40 shares of par value of US\$1 each of and in Beneficial Enterprises issued to and registered in the name of Crown Asia, representing 40% issued share capital of Beneficial Enterprises
“Beneficial Owner of the Sale Shares”	Mr. Chien Hok Hung Teddy (father, and therefore an associate of Mr. David Chien, a Director of the Company), a merchant, an indirect ultimate controlling beneficial owner of the Vendors and therefore the Sale Shares
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“business day”	any day on which commercial banks are open for business in Hong Kong and in particular, excluding Saturdays
“China Garden”	China Garden International Limited, a private company of limited liability incorporated in Hong Kong

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## DEFINITIONS

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“China Garden Sale Debt”	shareholders’ loans in the total sum of HK\$16,898,912 being indebted by China Garden to Neich Holdings as at the date of the Sale and Purchase Agreement
“China Garden Sale Shares”	40 shares of par value of HK\$1 each of and in China Garden issued to and registered in the name of Neich Holdings, representing 40% issued share capital of China Garden
“Combined NAV”	the combined unaudited consolidated net asset value of the Target Companies calculated at book values as at 30 September 2010
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement and the Acquisition contemplated thereunder
“Completion Date”	the date, not being later than 31 March 2011, for Completion
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Crown Asia”	Crown Asia Holdings Limited, a private company of limited liability incorporated in Hong Kong
“Debt Consideration”	the sum of HK\$94,087,426, being the consideration for the acquisition by the Purchaser from the Vendors of the rights and benefits in the Sale Debts
“Director(s)”	the director(s) of the Company
“Federated Resources”	Federated Resources Limited, a private company of limited liability incorporated in the BVI
“Federated Resources Sale Debt”	shareholders’ loans in the total sum of HK\$28,209,724 being indebted by Federated Resources to Wise Leader as at the date of the Sale and Purchase Agreement
“Federated Resources Sale Shares”	40 shares of par value of US\$1 each of and in Federated Resources issued to and registered in the name of Wise Leader, representing 40% issued share capital of Federated Resources
“Golden Trade”	Golden Trade (HK) Limited, a private company of limited liability incorporated in Hong Kong
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the Independent Non-Executive Directors
“Independent Financial Adviser”	Centurion Corporate Finance Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the independent Shareholders
“Independent Non-Executive Directors”	the independent non-executive directors of the Company, namely Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George
“Ironwood Pacific”	Ironwood Pacific Limited, a company of limited liability incorporated in the BVI
“Ironwood Pacific Sale Debt”	shareholders’ loans in the total sum of HK\$28,641,421 being indebted by Ironwood Pacific to Asian Business as at the date of the Sale and Purchase Agreement
“Ironwood Pacific Sale Shares”	40 shares of par value of US\$1 each of and in Ironwood Pacific issued to and registered in the name of Asian Business, representing 40% issued share capital of Ironwood Pacific
“Latest Practicable Date”	20 December 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Neich Holdings”	Neich Holdings Limited, a company of limited liability incorporated in Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Resolutions”	the resolutions proposed to be passed as ordinary resolutions of the Company at the SGM to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder

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## DEFINITIONS

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“Purchaser”	Duncan Properties Limited, a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Sale and Purchase Agreement”	Agreement for Sale and Purchase dated 15 November 2010 and entered into between the Vendors and the Purchaser in relation to the acquisition of the Sale Shares and the Sale Debts by the Purchaser from the Vendors
“Sale Debts”	the China Garden Sale Debt, the Allbright Investments Sale Debt, the Ironwood Pacific Sale Debt and the Federated Resources Sale Debt collectively
“Sale Shares”	the China Garden Sale Shares, the Allbright Investments Sale Shares, the Ironwood Pacific Sale Shares, the Federated Resources Sale Shares and the Beneficial Enterprises Sale Shares generally or collectively
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder
“Shareholders”	the shareholders of the Company
“Shareholders’ Loans”	collectively the shareholders’ loans in the total sum of HK\$94,087,426 due and payable by the Target Companies to the Vendors
“Shares”	the issued shares of the Company
“Shares Consideration”	the sum of HK\$205,912,574, being the consideration for the acquisition of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Companies”	China Garden, Allbright Investments, Ironwood Pacific, Federated Resources and Beneficial Enterprises collectively

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## DEFINITIONS

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“Total Consideration”	the total of the Shares Consideration and the Debt Consideration
“US\$”	United States dollar, the lawful currency of the United States of America
“Valuation Date”	30 September 2010
“Valuation Report”	a valuation report of the landed properties owned by the Target Companies prepared by the Valuer as at the Valuation Date
“Valuer”	Vigers Appraisal And Consulting Limited
“Vendors”	Neich Holdings, Golden Trade, Asian Business, Wise Leader and Crown Asia collectively
“Wise Leader”	Wise Leader Enterprises Limited, a private company of limited liability incorporated in Hong Kong
“%”	per cent

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LETTER FROM THE BOARD

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**TYSAN HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

Executive Directors:

CHEUNG Francis (*Chairman*)

FUNG Chiu Chak, Victor

*(Vice Chairman and Managing Director)*

CHIEN David

KWOK Jennifer

CHIU Chin Hung

WONG Kay

LAU Kin Fai

CHEUNG Harvey Jackel

*Registered Office:*

Clarendon House

Church Street

Hamilton HM 11

Bermuda

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

11th Floor, Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

*Independent Non-Executive Directors:*

FAN Chor Ho, Paul

TSE Man Bun

LUNG Chee Ming, George

22 December 2010

*To the Shareholders and, for information only,  
the holders of options of the Company*

Dear Sirs or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF EQUITY INTERESTS IN  
NON WHOLLY-OWNED SUBSIDIARIES**

**I. INTRODUCTION**

On 16 November 2010, the Board announced that the Vendors and the Purchaser entered into the Sale and Purchase Agreement on 15 November 2010, whereby the Vendors agreed to sell to the Purchaser, and the Purchaser agreed to acquire from the Vendors the Sale Shares and the rights and benefits in the Shareholders' Loans in the Target Companies for the Total Consideration of HK\$300,000,000, being the total of the Shares Consideration and the Debt Consideration.



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## LETTER FROM THE BOARD

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The Purchaser is a wholly-owned subsidiary of the Company. The Company is the beneficial owner of 60% of the issued shares in each of the Target Companies. Accordingly, each of the Target Companies is a 60%-owned subsidiary of Company.

The Vendors are respectively the registered owner of 40% of the issued shares in each of the Target Companies. The Vendors are therefore substantial shareholders of the Target Companies, and accordingly are connected persons of the Company under Rules 1.01 and 14A.11(1) of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under Rule 14A.13(1) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rules 14.04(9), 14.07 and 14A.10 of the Listing Rules) in respect of the Acquisition exceed 5% but is less than 25% for the Company, the Acquisition is subject to the reporting, announcement and the independent Shareholders' approval requirements under the Listing Rules.

As such, the Sale and Purchase Agreement and the Acquisition contemplated thereunder are subject to the approval of the independent Shareholders at the SGM.

The Beneficial Owner of the Sale Shares is an indirect ultimate controlling beneficial owner of the Vendors and therefore the Sale Shares. He is the father and therefore an associate of Mr. David Chien, a Director of the Company. Accordingly, Mr. David Chien and his associates will abstain from voting on the Proposed Resolutions at the SGM. As at the Latest Practicable Date, Mr. David Chien and his associates are interested in 181,485,419 Shares, representing approximately 21.29% of the total issued shares of the Company, as well as option for 750,000 Shares, and they will abstain from voting at the SGM. Mr. David Chien has also abstained from voting on the resolutions of the Directors in connection with the Acquisition.

To the best of the Directors' knowledge information and belief, and having made all reasonable enquiries, save as aforesaid, no Shareholder has an interest in the Sale and Purchase Agreement which is materially different from the other Shareholders. Accordingly, save as aforesaid, no other Shareholder is required to abstain from voting on the Proposed Resolutions at the SGM.

The SGM will be convened as soon as is practicable to consider, and if thought fit, to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

An Independent Board Committee comprising all the Independent Non-Executive Directors has been established to advise the independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition contemplated thereunder. Centurion Corporate Finance Limited has been appointed to advise the Independent Board Committee and the independent Shareholders in respect of the Sale and Purchase Agreement, and the Acquisition contemplated thereunder.

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## LETTER FROM THE BOARD

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The purpose of this circular is (i) to provide Shareholders with further details of the Sale and Purchase Agreement and the Acquisition contemplated thereunder; (ii) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the Sale and Purchase Agreement and the Acquisition contemplated thereunder; (iii) to set out the recommendation of the Independent Board Committee to the independent Shareholders with respect to the Sale and Purchase Agreement and the Acquisition contemplated thereunder; and (iv) to give notice of the SGM to consider and, if thought fit, to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

### II. ACQUISITION OF 40% EQUITY INTERESTS IN THE TARGET COMPANIES

#### The Sale and Purchase Agreement

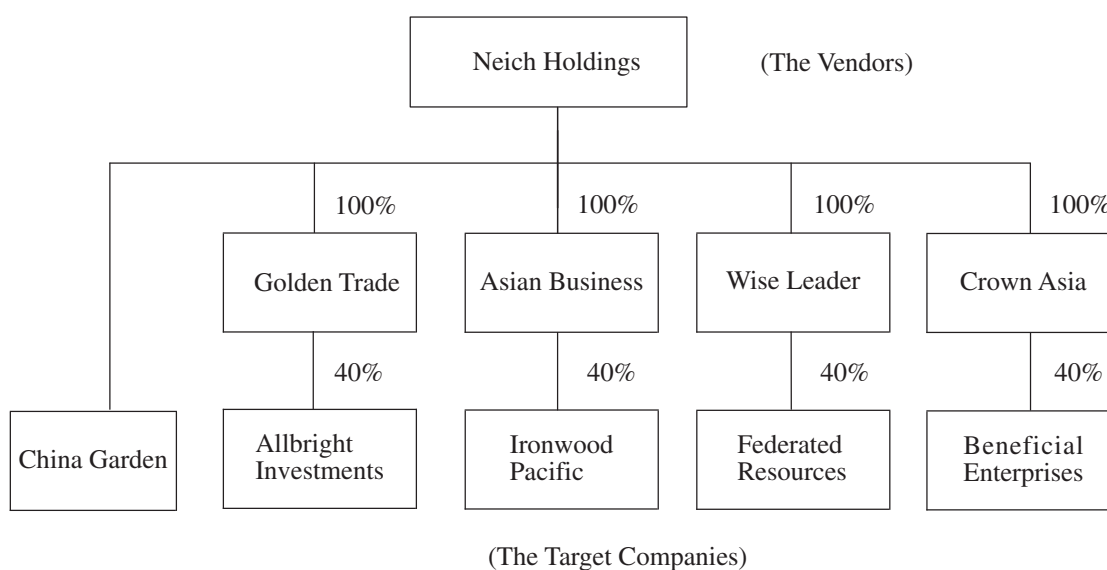
##### Date

15 November 2010

##### Parties

- (i) the Vendors; and
- (ii) the Purchaser.

A simplified corporate chart showing the corporate relationship among the Vendors and the Target Companies is set out hereinbelow:



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## LETTER FROM THE BOARD

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### Transaction

Pursuant to the Sale and Purchase Agreement, the Vendors have agreed to sell to the Purchaser and the Purchaser has agreed to acquire from the Vendors the Sale Shares in and the rights and benefits in the Shareholder's Loans for the Total Consideration of HK\$300,000,000, being the total of the Shares Consideration and the Debt Consideration, which shall be fully settled in cash by the Company from its internal resources in the following manner:

- (1) A sum of HK\$50,000,000 shall be and was paid to the Vendors upon signing of the Sale and Purchase Agreement as deposit and in part payment of the Shares Consideration;
- (2) A sum of HK\$5,912,574 shall be paid to the Vendors upon Completion as further part payment of the Shares Consideration;
- (3) A sum of HK\$94,087,426 shall be paid to the Vendors upon Completion as full payment of the Debt Consideration for the Shareholders' Loans; and
- (4) A sum of HK\$150,000,000 shall be paid to the Vendors on or before 31 December 2011 as full balance payment of the Shares Consideration.

### The Shares Consideration and the Debt Consideration

The Shares Consideration in the amount of HK\$205,912,574 for the Sale Shares has been arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to various factors and consideration including, but not limited to, the financial positions of each of the Target Companies, the value of the assets held by them, and in so far as the assets concerned are or are related to landed properties in the PRC, the general property market conditions in the PRC and the contribution to the business of property investment and management of the Company in the PRC through an enhanced interests and control in the Target Companies.

The Debt Consideration in the amount of HK\$94,087,426 for the assignment of Shareholders' Loans is on a dollar-for-dollar basis.

### Completion

Completion of the Sale and Purchase Agreement and the Acquisition will take place on or before 31 March 2011.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The Purchaser's obligations as regards Completion and matters arising or following therefrom under the Sale and Purchase Agreement shall be conditional upon the fulfillment of all of the following conditions precedent:

- (a) where necessary pursuant to the Listing Rules, the fulfillment of the disclosure requirements under the Listing Rules and the passing of an ordinary resolution(s) of the Shareholders at a special general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (b) the granting of consent, where necessary, by the Stock Exchange pursuant to the Listing Rules in relation to the transactions or any part thereof contemplated under and in accordance with the Sale and Purchase Agreement.

If any of the conditions precedent is not fully fulfilled on or before 31 March 2011, either party shall be entitled to:

- (a) elect to rescind the Sale and Purchase Agreement, in which case the Vendors shall procure that all the monies paid by the Purchaser to the Vendors pursuant to the Sale and Purchase Agreement shall be refunded to the Purchaser forthwith without interest and neither party shall have any claim against the other party whatsoever; or
- (b) fix a new date in consultation with each other for completion.

### III. INFORMATION ABOUT THE GROUP AND OTHER PARTIES

#### The Group

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

#### The Vendors

Each of Golden Trade, Asian Business, Wise Leader and Crown Asia is a 100% wholly-owned subsidiary of Neich Holdings. The Beneficial Owner of the Sale Shares is the ultimate controlling beneficial owner of Neich Holdings and the other Vendors and therefore the Sale Shares.

#### The Purchaser

The Purchaser is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company.

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## LETTER FROM THE BOARD

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### **The Target Companies, the Sale Shares and the Sale Debts**

Each of the Target Companies is presently a 60% subsidiary of the Company while the balance of the 40% equity interests is being held by Neich Holdings. Immediately following Completion, each of the Target Companies will become a wholly-owned subsidiary of the Company.

#### **1. China Garden**

China Garden is a private company of limited liability incorporated in Hong Kong and has an issued share capital of HK\$100 divided into 100 shares of par value of HK\$1 each of which 40 shares have been issued and are registered in the name of Neich Holdings, representing 40% of the issued share capital of China Garden. As at the date of the Sale and Purchase Agreement, China Garden is indebted to Neich Holdings the China Garden Sale Debt in the sum of HK\$16,898,912.

#### **2. Allbright Investments**

Allbright Investments is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Golden Trade, representing 40% of the issued share capital of Allbright Investments. As at the date of the Sale and Purchase Agreement, Allbright Investments is indebted to Golden Trade the Allbright Investments Sale Debt in the sum of HK\$20,337,369.

#### **3. Ironwood Pacific**

Ironwood Pacific is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Asian Business, representing 40% of the issued share capital of Ironwood Pacific. As at the date of the Sale and Purchase Agreement, Ironwood Pacific is indebted to Asian Business the Ironwood Pacific Sale Debt in the sum of HK\$28,641,421.

#### **4. Federated Resources**

Federated Resources is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Wise Leader, representing 40% of the issued share capital of Federated Resources. As at the date of the Sale and Purchase Agreement, Federated Resources is indebted to Wise Leader the Federated Resources Sale Debt in the sum of HK\$28,209,724.

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## LETTER FROM THE BOARD

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### 5. Beneficial Enterprises

Beneficial Enterprises is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Crown Asia, representing 40% of the issued share capital of Beneficial Enterprises.

#### Financial Information of the Target Companies

The Combined NAV of the Target Companies is HK\$623,346,000 approximately. Calculated at 40% of the Combined NAV, the total net asset value of the Target Companies attributable to the Sale Shares is assessed at HK\$249,338,000 approximately, brief particulars of which are as follows:-

<b>Target Companies</b>	<b>Net asset value</b> <i>(HK\$'000)</i> <i>(Note)</i>
1. China Garden	167,349
2. Allbright Investments	152,568
3. Ironwood Pacific	70,468
4. Federated Resources	235,591
5. Beneficial Enterprises	<u>(2,630)</u>
 Combined NAV =	 <u><u>623,346</u></u>
 40% thereof =	 <u><u>249,338</u></u>

*Note:*

1. The above net asset values of the Target Companies are based on their respective book values as at 30 September 2010 and have taken into account the market values of China Garden Apartments and the Aidu Apartments, both being properties held by the Target Companies and located in the Changning District, Shanghai, PRC.
2. The above net asset values of the Target Companies have not taken into account the valuation surplus, pursuant to the market values set out in the Valuation Report, arising from other assets held by the Target Companies (including The Waterfront, a residential project in Shanghai, PRC, and various car parks of Talent Court, also a residential project in Shanghai, PRC) attributable to the Target Companies totaling HK\$711,965,418 approximately, of which HK\$284,778,167 approximately is attributable to the Sale Shares.

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## LETTER FROM THE BOARD

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The unaudited consolidated net profit/(loss) before and after taxation and extraordinary items of each of the Target Companies for the six months' period ended 30 September 2010 and for the two years ended 31 March 2010 and 2009 respectively were as follows:

	<b>For the year ended 31 March 2009 HK\$'000</b>	<b>For the year ended 31 March 2010 HK\$'000</b>	<b>For the six months ended 30 September 2010 HK\$'000</b>
<b>1. China Garden</b> <i>(Note 1)</i>			
Profit/(loss) before taxation and extraordinary items	(4,194)	26,102	(2,643)
Profit/(loss) after taxation and extraordinary items	(3,576)	18,045	(2,096)
<b>2. Allbright Investments</b>			
Profit before taxation and extraordinary items	49,329	60,866	30,550
Profit after taxation and extraordinary items	46,639	50,235	23,501
<b>3. Ironwood Pacific</b> <i>(Note 2)</i>			
Profit before taxation and extraordinary items	698	38,346	721
Profit after taxation and extraordinary items	157	30,980	166
<b>4. Federated Resources</b>			
Profit before taxation and extraordinary items	74,216	91,387	45,802
Profit after taxation and extraordinary items	70,178	77,014	33,890
<b>5. Beneficial Enterprises</b>			
Loss before taxation and extraordinary items	(2,405)	(3,118)	(905)
Loss after taxation and extraordinary items	(2,493)	(3,118)	(905)

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## LETTER FROM THE BOARD

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*Notes:*

- (1) For the year ended 31 March 2009, there was a fair value loss in the property of HK\$8 million. For the year ended 31 March 2010, there was a fair value gain in the property of about HK\$27 million. For the six months' period ended 30 September 2010, there was a fair value loss of about HK\$5 million.
- (2) For the year ended 31 March 2009, there was a fair value loss in the property of HK\$1 million. For the year ended 31 March 2010, there was a fair value gain in the property of about HK\$31 million. For the six months' period ended 30 September 2010, there was a fair value gain in the property of HK\$1 million.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Sale Shares were subscribed by the Vendors at par and the Sale Debts were advanced by the Vendors by way of shareholders' loans on a dollar-for-dollar basis.

#### **IV. REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Sale and Purchase Agreement, including the Acquisition (i) have been negotiated on an arm's length basis; (ii) are on normal commercial terms; (iii) are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iv) will enable the Company to benefit for the reasons set out in the following paragraphs.

The Target Companies are the Group's major corporate entities in the area of property investment and management in the PRC. In particular, China Garden is the sole beneficial owner of China Garden Apartments, a property located in the Changning District, Shanghai, PRC, while Ironwood Pacific is the major beneficial owner of Aidu Apartments, a property also located in the Changning District, Shanghai, PRC. Both of the aforesaid investment properties of the Group in Shanghai have in the past years continued to enjoy satisfactory occupancy rate and contributed steady recurrent income to the Group.

On the other hand, Allbright Investments and Federated Resources are together the owner of 50% equity interest in Tysan Land (Shanghai) Limited, which owns The Waterfront, the Group's residential project in Shanghai, PRC, certain units of which have been sold since 30 September 2010, and the sale of such and other units in The Waterfront is expected to contribute substantial revenues and profits to the Group in the future; while Beneficial Enterprises is the beneficial owner of certain subsidiaries of the Group in Shanghai, PRC in the area of property management.

Although the Company will have to utilize part of its internal resources to finance the Acquisition which may otherwise be utilized to finance other investments of the Company, through the Acquisition whereby the Target Companies will become wholly-owned subsidiaries of the Company, the Directors consider that the Group will benefit through an enhanced interests and participation in the Group's property investment business (through acquisition of the Sale Shares in China Garden, Ironwood Pacific, Allbright Investments and Federated Resources) and property management business (through acquisition of the Beneficial Enterprises Sale Shares) in the PRC, in respect of which the Directors take the view that the long term outlook of the property market would be promising.



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## LETTER FROM THE BOARD

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Following the Completion, the Target Companies will become wholly-owned subsidiaries of the Company and as such, the Group will have full control on the various property investments (including, in particular, China Garden Apartments, Aidu Apartments and The Waterfront) and the property management business held by the Target Companies in the PRC and will be in a position to consolidate in full the earnings from the Target Companies.

### V. LISTING RULES IMPLICATIONS

The Purchaser is a wholly-owned subsidiary of the Company. The Company is the beneficial owner of 60% of the issued shares in each of the Target Companies. Accordingly, each of the Target Companies is a 60%-owned subsidiary of Company.

The Vendors are respectively the registered owner of 40% of the issued shares in each of the Target Companies. The Vendors are therefore substantial shareholders of the Target Companies, and accordingly are connected persons of the Company under Rules 1.01 and 14A.11(1) of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under Rule 14A.13(1) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rules 14.04(9), 14.07 and 14A.10 of the Listing Rules) in respect of the Acquisition exceed 5% but less than 25% for the Company, the Acquisition is subject to the reporting, announcement and the independent Shareholders' approval requirements under the Listing Rules.

As such, the Sale and Purchase Agreement and the Acquisition contemplated thereunder are subject to the approval of the independent Shareholders at the SGM.

The Beneficial Owner of the Sale Shares is an indirect ultimate controlling beneficial owner of the Vendors and therefore the Sale Shares. He is the father and therefore an associate of Mr. David Chien, a Director of the Company. Accordingly, Mr. David Chien and his associates will abstain from voting on the Proposed Resolutions at the SGM. As at the Latest Practicable Date, Mr. David Chien and his associates are interested in 181,485,419 Shares, representing approximately 21.29% of the total issued shares of the Company, as well as option for 750,000 Shares, and they will abstain from voting at the SGM. Mr. David Chien has also abstained from voting on the resolutions of the Directors in connection with the Acquisition.

To the best of the Directors' knowledge information and belief, and having made all reasonable enquiries, save as disclosed herein, no Director or Shareholder has a material interest in the Sale and Purchase Agreement which is materially different from the general Shareholders. Accordingly, save as aforesaid, no Director or Shareholder is required to abstain from voting on the Proposed Resolutions to be proposed at the SGM.

The SGM will be convened as soon as is practicable to consider, and if thought fit, to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder.

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there is no other transaction entered into between any member of the Group and any one of the Vendors or their respective ultimate beneficial owner(s) within a 12-month period prior to the date of the announcement dated 16 November 2010 or otherwise related, which would be, together with the Acquisition, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 and/or Rule 14A.25 of the Listing Rules.

### VI. THE SGM

The SGM will be held at 10:00 a.m., on Thursday, 13 January 2011 at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the Proposed Resolutions to approve the Sale and Purchase Agreement and the Acquisition contemplated thereunder. The notice of the SGM is set out on pages 64 and 65 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof to the Company's principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### VII. RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the view that the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the Independent Non-Executive Directors) recommend the independent Shareholders to vote in favour of the Proposed Resolutions at the SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on page 18 to 19 of this circular which contains the advice and recommendation of the Independent Board Committee to the independent Shareholders, having taken into consideration the advice of the Independent Financial Adviser, as to voting at the SGM regarding the passing of the Proposed Resolutions approving of the Sale and Purchase Agreement and the Acquisition contemplated thereunder by way of a poll for each of the Proposed Resolutions at the SGM. Your attention is also drawn to the letter of advice received from the Independent Financial Adviser which contains, among other matters, its advice and recommendation to the Independent Board Committee and the independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the Acquisition contemplated thereunder and the principal factors and reasons considered by it in concluding its advice. The letter from the Independent Financial Adviser is set out on pages 20 to 37 of this circular.

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**LETTER FROM THE BOARD**

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**VIII.ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendices I to II to this circular and the notice of the SGM.

Yours faithfully,  
For and on behalf of the Board of  
**Tysan Holdings Limited**  
**Francis Cheung**  
*Chairman*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**TYSAN HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

22 December 2010

*To the independent Shareholders*

Dear Sirs or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF EQUITY INTERESTS IN  
NON WHOLLY-OWNED SUBSIDIARIES**

We refer to the circular to the Shareholders dated 22 December 2010 (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letters shall have the same meanings as defined in the section headed “Definitions” of the Circular.

We have been appointed by the Board to consider the terms of the Sale and Purchase Agreement and to advise the independent Shareholders in connection with the approval of the Sale and Purchase Agreement and the Acquisition contemplated thereunder as to whether they are fair and reasonable so far as the independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board set out on pages 6 to 17 of the Circular and the letter of advice from the Independent Financial Adviser as set out on pages 20 to 37 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the principal factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the Sale and Purchase Agreement and the Acquisition contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the independent Shareholders are concerned and are in the interest of the Company and the independent Shareholders as a whole. Accordingly, we recommend the independent Shareholders to vote in favour of the Proposed Resolutions approving of the Sale and Purchase Agreement and the Acquisition contemplated thereunder, particulars of which are set out in the notice convening the SGM set out on pages 64 and 65 of the Circular, to be proposed at the SGM or any adjournment thereof.

Yours faithfully,

Independent Board Committee of

**Tysan Holdings Limited**

**FAN Chor Ho, Paul**

**TSE Man Bun**

**LUNG Chee Ming, George**

*All the Independent Non-Executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice to the Independent Board Committee and the independent Shareholders from the Independent Financial Adviser dated 22 December 2010 for incorporation in this circular:-*



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### CENTURION CORPORATE FINANCE LIMITED 盛百利財務顧問有限公司

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7th Floor, Duke Wellington House  
14 -24 Wellington Street  
Central, Hong Kong

香港中環  
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威靈頓公爵大廈7樓

Telephone : (852) 2525 2128  
(852) 2525 6026  
Facsimile : (852) 2537 7622

22 December 2010

*To the Independent Board Committee and the independent Shareholders of  
Tysan Holdings Limited*

Dear Sirs,

#### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF EQUITY INTERESTS IN NON WHOLLY-OWNED SUBSIDIARIES**

We have been engaged to advise the Independent Board Committee and the independent Shareholders with respect to the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition, details of which are outlined in the “Letter From The Board” set out from pages 6 to 17 of the circular dated 22 December 2010 to the Shareholders (“Circular”) of which this letter forms a part. We have been appointed to give an opinion as to whether the terms and conditions of the abovementioned agreement and the connected transaction contemplated thereunder are of normal commercial terms, are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 16 November 2010 the entering into of the Sale and Purchase Agreement and the Acquisition. In so far as the Proposed Resolutions for approving of the Sale and Purchase Agreement and the transactions contemplated thereunder, including the Acquisition are concerned, as set out in the “Letter From The Board”, the Vendors are respectively the registered owner of 40% of the issued shares in each of the Target Companies. The Vendors are therefore substantial shareholders of the Target Companies and accordingly, are connected persons of the Company under Rules 1.01 and 14A.11(1) of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under Rule 14A.13(1) of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rules 14.04(9), 14.07 and 14A.10 of the Listing Rules) in respect of the Acquisition exceed 5% but less than 25% for the Company, the Acquisition is subject to the reporting, announcement and the independent Shareholders’ approval requirements under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As such, the Sale and Purchase Agreement and the Acquisition contemplated thereunder are subject to the approval of the independent Shareholders at the SGM.

The Beneficial Owner of the Sale Shares is an indirect ultimate controlling beneficial owner of the Vendors and therefore the Sale Shares. He is the father, and therefore an associate, of Mr. David Chien, a Director of the Company. Accordingly, Mr. David Chien and his associates will abstain from voting on the Proposed Resolutions at the SGM. As at the Latest Practicable Date, Mr. David Chien and his associates are interested in 181,485,419 Shares, representing approximately 21.29% of the total issued shares of the Company, as well as options for 750,000 Shares, and they will abstain from voting at the SGM. Mr. David Chien has also abstained from voting on the resolutions of the Directors in connection with the Acquisition.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, save as disclosed in the "Letter From The Board", no Director or Shareholder has an interest in the Sale and Purchase Agreement which is materially different from the other Shareholders. Accordingly, save as aforesaid, no Director or Shareholder is required to abstain from voting on the Proposed Resolutions at the SGM.

Voting on the Proposed Resolutions will be taken by way of poll. For further details, please refer to the sections headed "Listing Rules Implications" and "The SGM" as respectively set out in the "Letter from the Board" for further details.

The Independent Board Committee has been formed to advise the independent Shareholders in relation to the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition, and matters relating thereto.

### **BASIS OF OUR OPINION**

In formulating our opinion and recommendation, we have (i) reviewed the Sale and Purchase Agreement and the Valuation Report; (ii) discussed the valuation methodology and bases and assumptions as set out in the Valuation Report with the Valuer; and (iii) relied on the accuracy of the information, opinions and representation contained in the Circular and other documents (including but not limited to the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition, and matters relating thereto). All documents reviewed by us have been provided to us by the executive Directors and to the extent these documents are prepared by the Group, they shall take full responsibility.

We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinions and intentions made by the executive Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of each of the Group and the Target Companies, we have relied principally on their respective audited, unaudited and consolidated financial statements, and for which the Directors shall take full responsibility. We have also reviewed the unaudited consolidated

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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income statement and statement of financial position of each of the Target Companies. We have also taken into account the results of the Valuation Report. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial and other information of the Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs or the prospects of each of the Group, the Target Companies and the Vendors, or any of their respective subsidiaries, associates, parent companies, or controlling shareholders, nor have we independently verified any of the information supplied to us.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

#### 1. BACKGROUND

##### 1.1 *Information on the Group*

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

The following is an overview of the breakdown in turnover of the Group for the year ended 31 March 2010 by activity and is extracted from the Company's annual report dated 23 June 2010:-

	<i>(HK\$'000) (in percentage)</i>	
Foundation piling	919,593	43.1%
E&M engineering and building construction	41,923	1.9%
Machinery leasing and trading	16,405	0.8%
Property investment and management	103,247	4.8%
Property Development	<u>1,053,349</u>	<u>49.4%</u>
	<u>2,134,517</u>	<u>100.0%</u>

For the year ended 31 March 2010, segment results of the Group was approximately HK\$752.9 million profit, of which (i) approximately HK\$111.7 million profit (or approximately 15%) was attributable to the property investment and management segment; and (ii) approximately HK\$588.8



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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million profit (or approximately 78%) was attributable to the property development segment. As set out above, property investment and management segment accounted for approximately 4.8%, and property development segment accounted for approximately 49.4%, of the Group's turnover for the year ended 31 March 2010.

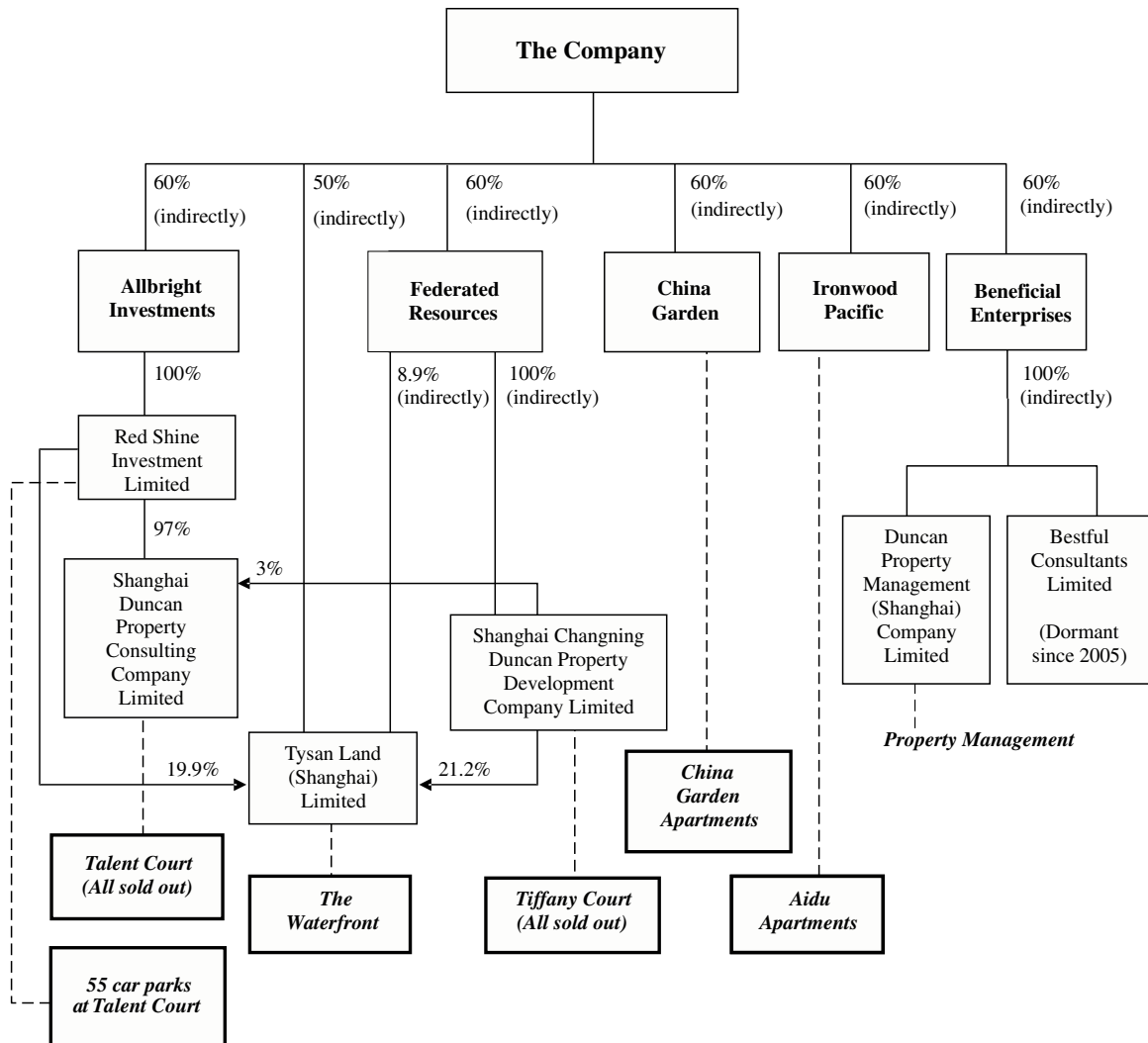
Turnover of the Group's property investment and management business for each of the three years ended 31 March 2010 was approximately HK\$101 million, HK\$105 million and HK\$103 million respectively. For the same periods, turnover of the Group's property development business was approximately HK\$498 million, HK\$1,182 million and HK\$1,053 million respectively.

Total Group's audited turnover for each of the three years ended 31 March 2010 was approximately HK\$1,895 million, HK\$2,784 million and HK\$2,134 million respectively. As at 31 March 2010, the Group's audited total assets and total liabilities were approximately HK\$4,836 million and HK\$2,551 million respectively. For the year ended 31 March 2010, total audited net profit attributable to Shareholders amounted to approximately HK\$271.4 million, which translated into a basic earnings per Share of HK\$0.3234.

Total Group's unaudited turnover and net profit attributable to Shareholders for the 6-month period ended 30 September 2010 was approximately HK\$1,382 million and HK\$132 million respectively. As at 30 September 2010, the Group's unaudited total assets and total liabilities were approximately HK\$4,779 million and HK\$2,471 million respectively.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following diagram illustrates a simplified corporate structure of the Target Companies and their business activities:-



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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A simplified corporate chart showing the corporate relationship among the Vendors and the Target Companies is also set out in the “Letter From The Board”.

### 1.2 *Information on China Garden*

China Garden is a private company of limited liability incorporated in Hong Kong and has an issued share capital of HK\$100 divided into 100 shares of par value of HK\$1 each of which 40 shares have been issued and are registered in the name of Neich Holdings, representing 40% of the issued share capital of China Garden. As at the date of the Sale and Purchase Agreement, China Garden is indebted to Neich Holdings the China Garden Sale Debt in the sum of HK\$16,898,912. China Garden, through its wholly-owned subsidiary, owns the China Garden Apartments project, the subject of part of the Acquisition.

### 1.3 *Information on Allbright Investments*

Allbright Investments is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Golden Trade, representing 40% of the issued share capital of Allbright Investments. As at the date of the Sale and Purchase Agreement, Allbright Investments is indebted to Golden Trade the Allbright Investments Sale Debt in the sum of HK\$20,337,369. Allbright Investments, through its wholly-owned subsidiary, owns 55 car parks at Talent Court and a 19.9% equity interest in Tysan Land (Shanghai) Limited which in turn, owns The Waterfront project. These property interests are the subject of part of the Acquisition.

### 1.4 *Information on Ironwood Pacific*

Ironwood Pacific is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Asian Business, representing 40% of the issued share capital of Ironwood Pacific. As at the date of the Sale and Purchase Agreement, Ironwood Pacific is indebted to Asian Business the Ironwood Pacific Sale Debt in the sum of HK\$28,641,421. Ironwood Pacific, through its wholly-owned subsidiary, owns the Aidu Apartments project, the subject of part of the Acquisition.

### 1.5 *Information on Federated Resources*

Federated Resources is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Wise Leader, representing 40% of the issued share capital of Federated Resources. As at the date of the Sale and Purchase Agreement, Federated Resources is indebted to Wise Leader the Federated Resources Sale Debt in the sum of HK\$28,209,724. Federated Resources, through its wholly-owned subsidiary and indirect wholly-owned subsidiary, owns an 8.9% and a 21.2% equity interests respectively in Tysan Land (Shanghai) Limited which in turn, owns The Waterfront project. These property interests are the subject of part of the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.6 *Information on Beneficial Enterprises*

Beneficial Enterprises is a private company of limited liability incorporated in the BVI and has an issued share capital of US\$100 divided into 100 shares of par value of US\$1 each of which 40 shares have been issued and are registered in the name of Crown Asia, representing 40% of the issued share capital of Beneficial Enterprises. Beneficial Enterprises, through its wholly-owned subsidiary, has two subsidiaries, namely Duncan Property Management (Shanghai) Company Limited and Bestful Consultants Limited, the latter had been dormant since 2005. Duncan Property Management (Shanghai) Company Limited is principally engaged in the provision of property management services to properties held by the Group, namely Aidu Apartments, China Garden Apartments and to the properties developed by the Group, namely, The Waterfront, Tiffany Court and Talent Court.

## 2. MAJOR TERMS AND CONDITIONS OF THE SALE AND PURCHASE AGREEMENT

### 2.1 *The Sale and Purchase Agreement*

#### **Date**

15 November 2010

#### **Parties**

- (i) the Vendors; and
- (ii) the Purchaser.

#### **Transaction**

Pursuant to the Sale and Purchase Agreement, the Vendors have agreed to sell to the Purchaser and the Purchaser has agreed to acquire from the Vendors the Sale Shares in, and the rights and benefits in, the Shareholder's Loans for the Total Consideration of HK\$300,000,000, being the total of the Shares Consideration and the Debt Consideration, which shall be fully settled in cash by the Company from its internal resources in the following manner:

- (1) A sum of HK\$50,000,000 shall be and was paid to the Vendors upon signing of the Sale and Purchase Agreement as deposit and in part payment of the Shares Consideration;
- (2) A sum of HK\$5,912,574 shall be paid to the Vendors upon Completion as further part payment of the Shares Consideration;
- (3) A sum of HK\$94,087,426 shall be paid to the Vendors upon Completion as full payment of the Debt Consideration for the Shareholders' Loans; and
- (4) A sum of HK\$150,000,000 shall be paid to the Vendors on or before 31 December 2011 as full balance payment of the Shares Consideration.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Completion

Completion of the Sale and Purchase Agreement and the Acquisition will take place on or before 31 March 2011.

### 2.2 *Consideration*

The Shares Consideration in the amount of HK\$205,912,574 for the Sale Shares has been arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to various factors and consideration including, but not limited to, the financial positions of each of the Target Companies, the value of the assets held by them, and in so far as the assets are concerned, are or are related to landed properties in the PRC, the general property market conditions in the PRC and the contribution to the business of property investment and management of the Company in the PRC through an enhanced interest and control in the Target Companies.

The Debt Consideration in the amount of HK\$94,087,426 for the assignment of Shareholders' Loans is on a dollar-for-dollar basis.

### 2.3 *Conditions Precedent*

The Purchaser's obligations as regards Completion and matters arising or following therefrom under the Sale and Purchase Agreement shall be conditional upon the fulfillment of all of the following conditions precedent:

- (a) where necessary pursuant to the Listing Rules, the fulfillment of the disclosure requirements under the Listing Rules and the passing of an ordinary resolution(s) of the Shareholders at a special general meeting to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (b) the granting of consent, where necessary, by the Stock Exchange pursuant to the Listing Rules in relation to the transactions or any part thereof contemplated under and in accordance with the Sale and Purchase Agreement.

If any of the conditions precedent is not fully fulfilled on or before 31 March 2011, either party shall be entitled to:

- (a) elect to rescind the Sale and Purchase Agreement, in which case the Vendors shall procure that all the monies paid by the Purchaser to the Vendors pursuant to the Sale and Purchase Agreement shall be refunded to the Purchaser forthwith without interest and neither party shall have any claim against the other party whatsoever; or
- (b) fix a new date in consultation with each other for completion.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. FINANCIAL INFORMATION OF THE TARGET COMPANIES

#### 3.1 Profit and loss

The unaudited consolidated net profit/(loss) before and after taxation and extraordinary items of each of the Target Companies for the six-month period ended 30 September 2010 and for the two years ended 31 March 2010 and 2009 respectively, were as follows:

	<b>For the 6-month ended 30 September 2010 HK\$'000</b>	<b>For the year ended 31 March 2010 HK\$'000</b>	<b>For the year ended 31 March 2009 HK\$'000</b>
<b>1. China Garden (Note 1)</b>			
Profit/(loss) before taxation and extraordinary items	(2,643)	26,102	(4,194)
Profit/(loss) after taxation and extraordinary items	(2,096)	18,045	(3,576)
<b>2. Allbright Investments</b>			
Profit before taxation and extraordinary items	30,550	60,866	49,329
Profit after taxation and extraordinary items	23,501	50,235	46,639
<b>3. Ironwood Pacific (Note 2)</b>			
Profit before taxation and extraordinary items	721	38,346	698
Profit after taxation and extraordinary items	166	30,980	157
<b>4. Federated Resources</b>			
Profit before taxation and extraordinary items	45,802	91,387	74,216
Profit after taxation and extraordinary items	33,890	77,014	70,178
<b>5. Beneficial Enterprises</b>			
Loss before taxation and extraordinary items	(905)	(3,118)	(2,405)
Loss after taxation and extraordinary items	(905)	(3,118)	(2,493)

*Notes:*

- (1) For the year ended 31 March 2009, there was a fair value loss in the property of HK\$8 million. For the year ended 31 March 2010, there was a fair value gain in the property of about HK\$27 million. For the six months' period ended 30 September 2010, there was a fair value loss of about HK\$5 million.
- (2) For the year ended 31 March 2009, there was a fair value loss in the property of HK\$1 million. For the year ended 31 March 2010, there was a fair value gain in the property of about HK\$31 million. For the six months' period ended 30 September 2010, there was a fair value gain in the property of HK\$1 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Sale Shares were subscribed by the Vendors at par and the Sale Debts were advanced by the Vendors by way of shareholders' loans on a dollar-for-dollar basis.

### 3.2 *Net assets*

The combined net assets value, being the combined unaudited consolidated net asset value of the Target Companies as at 31 March 2010, was approximately HK\$552,000,000. Calculated at 40% of such combined net asset value, the net asset value attributable to the Sale Shares was assessed at approximately HK\$221,000,000.

As set out in the "Letter From The Board", the following net asset value is based on the combined unaudited consolidated statements of financial position of each of the Target Companies as at 30 September 2010 as adopted in the preparation of the unaudited interim financial statements of the Company as set out in its 2010/2011 interim report:-

<b>Target Companies</b>	<b>Net asset value</b> <i>(HK\$'000) (Note)</i>
1. China Garden	167,349
2. Allbright Investments	152,568
3. Ironwood Pacific	70,468
4. Federated Resources	235,591
5. Beneficial Enterprises	<u>(2,630)</u>
	Combined NAV = <u>623,346</u>
	40% thereof = <u>249,338</u>

*Notes:-*

1. The above net asset values of the Target Companies are based on their respective book values as at 30 September 2010 and have taken into account the market values of China Garden Apartments and the Aidu Apartments, both being properties held by the Target Companies and located in the Changning District, Shanghai, PRC.
2. The above net asset values of the Target Companies have not taken into account of the valuation surplus, pursuant to the market values set out in the Valuation Report, arising from other assets held by the Target Companies (including The Waterfront, a residential project in Shanghai, PRC, and various car parks of Talent Court, also a residential project in Shanghai, PRC) attributable to the Target Companies totaling HK\$711,965,418, of which HK\$284,778,167 is attributable to the Sale Shares, particulars thereof are set out in the Valuation Report.

As set out above, the Combined NAV, being the combined unaudited consolidated net asset value of the Target Companies, was approximately HK\$623,346,000 as at 30 September 2010. Calculated at 40% of the Combined NAV, the value attributable to the Sale Shares is assessed at approximately HK\$249,338,000. This Combined NAV did not take into account the surplus arising from valuation of the property interests of each of The Waterfront project and the 55 car parks of the Talent Court.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the Valuation Report, the market value of the China Garden Apartments project; the Aidu Apartments project, the 55 car parks of Talent Court project and The Waterfront project are valued on a 100% interest basis at HK\$234,360,000; HK\$114,230,000; HK\$17,950,000; and HK\$1,892,240,000 respectively.

We have reviewed and discussed with the Valuer the approaches of, and bases and assumptions for, the Valuation Report. For assessing the market value of the China Garden Apartments project and the Aidu Apartments project, which are properties held for investment, the Valuer has adopted the basis of “capitalization” of net rental income derived from the existing tenancies with reversionary income of the property assessed by adopting the “direct comparison” approach and made reference to the recent sale transactions of similar premises in the proximity. For assessing the market value of The Waterfront project and the 55 car parks of Talent Court, which are properties held for sale, the Valuer has adopted the “direct comparison” approach and made reference to the recent transactions for similar premises in the proximity, with appropriate adjustments in relation to transactions dates, building age, floor space etc between the comparable properties and the subject properties. For details, please refer to the Valuation Report as set out in Appendix 1 to the Circular.

Whilst the relevant unaudited consolidated statements of financial position of the Target Companies as at 30 September 2010 took into account the market value of each of the China Garden Apartments project and the Aidu Apartments project arising from the Valuation Report, the valuation surplus arising from the Valuation Report with respect to The Waterfront project and the 55 car parks of the Talent Court project was not reflected. Details of which are set out in Note 2 to the above net asset value calculation of the Target Companies as at 30 September 2010.

As provided by the Company, the following are the carrying values as compared to the market values as set out in the Valuation Report of the properties held for sale, namely The Waterfront project and the 55 car parks of the Talent Court project, as at 30 September 2010:-

- (i) the carrying value of The Waterfront project attributable to the Target Companies was HK\$242,249,237 (i.e. 50%), and 40% thereof attributable to the Sale Shares was HK\$96,899,695. Its market value attributable to the Target Companies was approximately HK\$946,120,000 (i.e. 50%), and 40% thereof attributable to the Sale Shares was approximately HK\$378,440,000; and
- (ii) the carrying value of the 55 car parks of the Talent Court project attributable to the Target Companies was HK\$9,855,345 (i.e. 100%), and 40% thereof attributable to the Sale Shares was HK\$3,942,138. Its market value attributable to the Target Companies was approximately HK\$17,950,000 (i.e. 100%), and 40% thereof attributable to the Sale Shares was approximately HK\$7,180,000.

The valuation surplus arising from The Waterfront project as set out above is therefore of substantial amount. The sale of certain units at The Waterfront project and an unit at Aidu Apartments project since 30 September 2010 has an immaterial positive impact on the net assets of the Target Companies.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the fact that the abovementioned combined unaudited consolidated net asset value of the Target Companies attributable to the Sale Shares, based on carrying values or market values of the properties interests, represents a considerable premium to the Shares Consideration, we concur with the Directors that the consideration under the Sale and Purchase Agreement, including the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### 4. THE PROPERTIES AND BUSINESSES OF THE TARGET COMPANIES

#### 4.1 *China Garden Apartments*

China Garden Apartments property is located at Numbers 1-6, Lane 39, Ronghuaxi Road, Gubei New Area, Changning District, Shanghai, the PRC. The entire China Garden Apartments development comprises six residential towers and a total of 82 residential units have been retained by the Group for rental purpose, in the form of serviced apartments. Gross floor area of these units owned by the Group ranges from approximately 106 to 210 square metres. As China Garden Apartments is situated in Shanghai's Gubei New Area, Changning District, where there is a high concentration of expatriates and there are clubhouse facilities available to the residents, the units held by the Group are for investment purpose and have continuously enjoyed a high occupancy level.

#### 4.2 *Aidu Apartments*

Aidu Apartments property is located at Number 55, Lane 2222, Hongqiao Road, Changning District, Shanghai, the PRC. The entire Aidu Apartments development comprises four 8-storey residential towers and after the disposal of various units, a total of 34 residential units (including the whole of Block B which has 30 units) and 27 covered car parks have been retained by the Group for rental purpose, in the form of serviced apartments. Gross floor area of these units owned by the Group ranges from approximately 130 to 250 square metres with clubhouse facilities available to its residents. As Aidu Apartments is situated in Shanghai's Hongqiao Economic Development Zone, which is one of the earliest developed areas for foreigners in Shanghai, the remaining 34 units held by the Group are for investment purpose and have enjoyed a high occupancy rate with tenants are mostly expatriates of multinational corporations.

#### 4.3 *The Waterfront*

The Waterfront property is located at Lane 133, Guangfu Xi Road, Putuo District, Shanghai, the PRC. The entire development of The Waterfront comprises 9 residential towers of 993 units with a total gross floor area of approximately 147,000 square metres. The Waterfront property is developed for sale purpose and the Group launched the pre-sale of one of its low-rise towers in November 2009 with satisfactory response. As at 30 September 2010, The Waterfront property consisted of 147 residential units, 13 shop units and 168 covered car parks.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.4 *Car parks at Talent Court*

The 55 car parks are at the Basement Level of the Talent Court, located at No.4 of 163 Puhuitang Road, Xuhui District, Shanghai, the PRC. Talent Court (including the 55 car parks) was developed by the Group for sale and the development consisted of six blocks of medium to high-rise residential towers.

### 4.5 *Property management business*

The Group's property management business is undertaken by Duncan Property Management (Shanghai) Company Limited, a wholly-owned indirect subsidiary of Beneficial Enterprises. Such property management services are exclusively catered to the properties of the Group, including properties like Talent Court and Tiffany Court which were developed by the Group and sold to various owners. Whilst at the moment, the said property management services are undertaken by the Group for the property interests held by the Target Companies in Shanghai only, the Company expects to extend such property management services to Tianjin i.e. The Riverside development project of the Group in Tianjin. As set out in the Group's website, property management is undertaken by the Group to ensure comprehensive, efficient and quality services to the tenants of the Group's properties and its range of services include:-

- Tenancy management
- Concierge services
- Repair, maintenance and cleaning
- Landscape management
- Car park management
- Clubhouse management

As set out above, the net loss after taxation of Beneficial Enterprises for each of the two years ended 31 March 2009 and 2010 was HK\$2.493 million and HK\$3.118 million respectively. We understand from the management of the Company that such losses were due to the fact that the Group's principal focus is to provide quality property management services to tenants of its properties at a modest fee.

Against a backdrop of rising property prices, the PRC has a growing demand for quality property management services. At present, the PRC property management industry is at an early stage of development and is fragmented with a considerable number of relatively small participants operating in an increasingly competitive environment. To maintain a reasonably high standard of property management services for the Group's property interests, which in turn will further enhance their property values, we believe the property manager role played by Duncan Property Management (Shanghai) Company Limited as set out above is part and parcel to the overall corporate strategy of the Group's property investments in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. MARKET AND STATISTICAL DATA OF SHANGHAI

Shanghai, being the most prosperous city at the Yangtze River Delta Region, is one of the leading business and financial centers of mainland China as well as a major logistic and transportation hub. Shanghai is one of the four municipalities of the PRC which are under the direct administration of the central government. Shanghai is also an international metropolis and there is a considerable and growing number of expatriates, visitors, tourists (e.g. during the Shanghai World Expo) and short-stay business travelers who have supported its local active leasing market of mid to higher-end residential properties at good locations, in particular, serviced apartments such as the China Garden Apartments and Aidu Apartments owned by the Group.

Shanghai has experienced significant growth in Gross Domestic Product (“GDP”) from approximately RMB925 billion in 2005 to approximately RMB1,505 billion in 2009. With an area of approximately 6,300 square kilometers and a population of approximately 19.2 million as of 31 December 2009, the following table is an overview of GDP and population statistics of Shanghai over the five years from 2005 to 2009:-

	2005	2006	2007	2008	2009
Gross Domestic Product (“GDP”) (in billion RMB)	925	1,057	1,249	1,407	1,505
% of GDP growth on a year-on-year basis	11.4%	12.7%	15.2%	9.7%	8.2%
Per Capita GDP (in RMB)	52,535	58,837	68,024	75,109	78,989
Year end resident population (in million)	17.8	18.2	18.6	18.9	19.2
Average per capital disposable income of urban households (in RMB)	18,645	20,668	23,623	26,675	28,838

*(Source: Pages 27, 50, 52, 54 and 142, Shanghai Statistical Yearbook 2010)*

The following table sets out selected general market data and statistics for the properties under construction and residential properties investments in Shanghai over the last 5 years from 2005 to 2009:-

	2005	2006	2007	2008	2009
Total floor space under construction (in thousand sq. m.)	144,779	145,965	149,794	140,835	135,536
Total floor space of residential housing under construction (in thousand sq. m.)	82,672	80,853	77,899	70,602	65,812
Total floor space under construction which was completed (in thousand sq. m.)	48,738	49,015	50,685	38,288	29,709
Total floor space of residential housing under construction which was completed (in thousand sq. m.)	28,194	27,468	28,436	18,994	15,221
Investment in residential housing (in million RMB)	93,636	85,415	85,313	87,152	92,281

*(Source: Pages 324 and 325, Shanghai Statistical Yearbook 2010)*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table sets out market data and statistics for the property market in Shanghai for the year 2000 (as comparison) and for the two years 2008 and 2009:-

	<b>2000</b>	<b>2008</b>	<b>2009</b>
Total gross floor area of property developed by property companies (in thousand sq. m.)	16,436	24,750	21,050
Total gross floor area of residential property developed by property companies (in thousand sq. m.)	13,880	17,633	15,088
Total gross floor area of commodity housing sold (in thousand sq. m.)	15,579	22,961	33,725
Total gross floor area of commodity housing sold in main years which were residential (in thousand sq. m.)	14,459	19,659	29,280
Total volume of commodity housing sales (in million RMB)	55,545	189,545	433,022
Total volume of commodity housing sales which were residential (in million RMB)	48,097	160,847	362,023
Average selling price for commodity housing sales which were residential (in RMB per sq. m.)	3,326	8,182	12,364
Total volume of commodity housing leased (in thousand sq. m.)	3,584	11,412	12,229
Total volume of commodity housing leased which were residential (in thousand sq. m.)	593	927	1,026

*(Source: Pages 327 and 328, Shanghai Statistical Yearbook 2010)*

The total gross area of all residential properties sold in Shanghai as set out above rose from 19,659,000 square metres in 2008 to 29,280,000 square metres in 2009. On the same basis, total sales of such properties rose from RMB160,847 million to RMB362,023 million. Average selling price for such residential properties sales was therefore increased from RMB8,182 per square metre in 2008 to RMB12,364 per square metre in 2009. Shanghai residential leasing market has also been reasonably robust as evidenced by the increase from 927,000 square metres housing leased in 2008 to 1,026,000 square metres leased in 2009 as set out in the table above.

It should be noted that the prices and area of the properties, residential and office buildings as contained in the tables above were consisting of all types of properties and at all types of locations.

In light of the above, we are of the view that the GDP growth rates and the various property market statistics of Shanghai would suggest that past market conditions in Shanghai, which had experienced continuous growth in GDP and property transaction volume and prices, would appear to present an opportunity for the Company in so far as furthering its property investment is concerned. The statistical data and market information set out above therefore support the reasons cited by the executive Directors for the Acquisition in the section below. We are also of the view that the proposed acquisition of the remaining minority interest in the Group's property management business is consistent with the Directors' view that the long term outlook of the property market in the PRC would be promising as this property management service currently caters exclusively to the Group's property interests in Shanghai, which are the subject of the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 6. REASONS FOR AND BENEFITS OF THE ACQUISITION

As set out in the “Letter From The Board”, the Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Sale and Purchase Agreement, including the Acquisition (i) have been negotiated on an arm’s length basis; (ii) are on normal commercial terms; (iii) are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (iv) will enable the Company to benefit for the reasons set out in the following paragraphs.

The Target Companies are the Group’s major corporate entities in the area of property investment and management in the PRC. In particular, China Garden is the sole beneficial owner of China Garden Apartments, a property located in the Changning District, Shanghai, PRC, while Ironwood Pacific is the major beneficial owner of Aidu Apartments, a property also located in the Changning District, Shanghai, PRC. Both of the aforesaid investment properties of the Group in Shanghai have in the past years continued to enjoy satisfactory occupancy rate and contributed steady recurrent income to the Group.

On the other hand, Allbright Investments and Federated Resources are together the owner of 50% equity interest in Tysan Land (Shanghai) Limited, which in turn owns The Waterfront, the Group’s residential project in Shanghai, PRC, certain units of which have been sold since 30 September 2010, and the sale of such and other units in The Waterfront is expected to contribute substantial revenues and profits to the Group in the future; while Beneficial Enterprises is the beneficial owner of certain subsidiaries of the Group in Shanghai, PRC in the area of property management.

Although the Company will have to utilize part of its internal resources to finance the Acquisition, which may otherwise be utilized to finance other investments of the Company, through the Acquisition whereby the Target Companies will become wholly-owned subsidiaries of the Company, the Directors consider that the Group will benefit through an enhanced interest and participation in the Group’s property investment business (through acquisition of the Sale Shares in China Garden, Ironwood Pacific, Allbright Investments and Federated Resources) and property management business (through acquisition of the Beneficial Enterprises Sale Shares) in the PRC, in respect of which the Directors take the view that the long term outlook of the property market would be promising.

Following Completion, the Target Companies will become wholly-owned subsidiaries of the Company and as such, the Group will have full control on the various property investments and property management business held by the Target Companies in the PRC and will be in a position to consolidate in full the earnings from the Target Companies.

In view of the property market statistics of Shanghai as set out in the preceding section above which show that past market condition in Shanghai had experienced continuous growth in GDP and property transaction volume and prices, we concur with the Directors’ view on the aforesaid reasons for and benefits of the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 7. FINANCIAL EFFECTS OF THE ACQUISITION

The financial effects set out below are based on our discussions with management of the Company.

#### 7.1 Effects on earnings

The Target Companies had a combined unaudited consolidated profit after taxation and extraordinary items of approximately HK\$173,156,000 for the year ended 31 March 2010 and approximately HK\$54,556,000 for the six months ended 30 September 2010. Following Completion, all the Target Companies will become wholly-owned subsidiaries of the Company and as such, the Group will consolidate the financial results of the Target Companies in full. The Company expects such consolidation will result in positive effect to the earnings of the Group, in particular, apart from rental income from properties held for investment purpose, earnings from disposal of properties held in the PRC for sale such as The Waterfront project and the 55 car parks of Talent Court.

#### 7.2 Effects on assets

Based on the combined unaudited consolidated statements of financial position of the Target Companies as at 30 September 2010, the Combined NAV, being the combined unaudited consolidated net asset value of the Target Companies on a 100% basis was approximately HK\$623,346,000. As the Shares Consideration is still at a discount of such unadjusted combined unaudited consolidated net asset value of the Target Companies, and the fact that the assets and liabilities of the Target Companies, as wholly-owned subsidiaries of the Company upon Completion, will continue to be consolidated into the Group's consolidated statements of financial position, the Company expects the Acquisition will have a positive effect on the Group's net assets position.

#### 7.3 Effects on working capital and gearing

As stated in the "Letter From The Board", the cash for the Total Consideration will be funded from the Company's internal resources. Based on the unaudited consolidated statement of financial position of the Group as at 30 September 2010, the Group had a consolidated and aggregate cash balance of approximately HK\$1,145 million and a consolidated interest-bearing bank borrowings (both current and non current) of approximately HK\$744 million. The Target Companies do not have any bank borrowing as at 30 September 2010. In view of the considerable cash balance of the Group, the Company is of the view that the Acquisition will not have any material adverse impact on the working capital and gearing of the Group upon Completion.

In view of the financial position of the Group and the bases and assumptions cited by the Company as set out above, we concur with the view of the Company in respect of the various financial effects of the Acquisition as mentioned above.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition and matters relating thereto, are of normal commercial terms, are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the Proposed Resolutions to be proposed at the SGM approving the Sale and Purchase Agreement and the transactions contemplated thereunder including the Acquisition, and matters relating thereto at the SGM.

Yours faithfully,  
for and on behalf of  
**Centurion Corporate Finance Limited**  
**Baldwin LEE**  
*Managing Director*

*The following is the texts of letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation as at 30 September 2010 for the property interests held by the Group in the People's Republic of China.*

**Vigers Appraisal And Consulting Limited**  
*International Assets Appraisal Consultants*

10th Floor, The Grande Building  
398 Kwun Tong Road  
Kowloon  
Hong Kong



22 December 2010

The Directors  
Tysan Holdings Limited  
11/F, Harbour Centre,  
25 Harbour Road,  
Wanchai,  
Hong Kong

Dear Sirs,

In accordance with instructions from Tysan Holdings Limited (the “Company”) for us to value the property interests exhibited to us as held by its subsidiary (together referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 September 2010 (“the Date of Valuation”) for the purpose of incorporation in the circular of the Company dated 22 December 2010 to its shareholders.

Our valuation is our opinion of the market value of a property interest which we would define market value as intended to mean “the estimated amount for which a property should exchange on the Date of Valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interests Nos. 1 and 2 in Group I which are held by the Group in the PRC for investment, we have assessed the value of the property interests on the basis of capitalization of net rental income derived from the existing tenancies with reversionary income of the property assessed by adopting the Direct Comparison approach and making reference to the recent sale transactions of similar premises in the proximity.

In valuing the property interests Nos. 3 and 4 in Group II which are held by the Group in the PRC for sale, we have assessed the value of the property interests by adopting the Direct Comparison approach and made reference to the recent transactions for similar premises in the proximity. Adjustments have been made for the differences in transaction dates, building age, floor area etc. between the comparable properties and the subject properties.



We have not caused title searches to be made for the property interests at the relevant government bureau in the PRC. We have been provided with extracts from title documents relating to the property interests. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments which do not appear on the copies handed to us. We have relied on the legal opinion (the “PRC legal opinion”) provided by the Company’s PRC legal adviser, 森泰律師事務所 (Sinotimes & Partners PRC Lawyers).

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property interests and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the attached valuation certificates are based on information contained in the documents provided to us by the Company and are only approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey was carried out nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors (“HKIS”) and the requirements set out in Chapter 5 and Practice Notes 12 & 16 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars (HK\$). The exchange rates adopted in valuing the property interests as at 30 September 2010 were as follows:

<b>Currency</b>	<b>Exchange Rates as at 30 September 2010</b>
American Dollar (USD)	US\$1: HK\$7.7603
Renminbi (RMB)	RMB1: HK\$1.1653

There has been no significant fluctuation in the exchange rates for these currencies against Hong Kong Dollars between that date and the date of this letter.

We enclosed herewith a summary of valuation and the valuation certificates.

Yours faithfully,  
For and on behalf of  
**Vigers Appraisal And Consulting Limited**  
**Raymond Ho Kai Kwong**  
Registered Professional Surveyor  
MRICS MHKIS MSc(e-com)  
*Managing Director*

*Note:* Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty three years' experiences in undertaking valuations of properties in Hong Kong and has over sixteen years' experiences in valuations of properties in the PRC.

## SUMMARY OF VALUATION

## Group I — Property interests held by the Group in the PRC for investment

Property	Market Value in existing state as at 30 September 2010	Interest attributable to the Target Company	Market Value in existing state attributable to the Target Company as at 30 September 2010	Interest attributable to the Sale Shares	Market Value in existing state attributable to the Sale Shares as at 30 September 2010
1. China Garden, Nos. 1-6, Lane 39, Ronghuaxi Road, Gubei New Area, Changning District, Shanghai, The PRC	USD30,200,000 (equivalent to approximately HK\$234,360,000)	100%	USD30,200,000 (equivalent to approximately HK\$234,360,000)	40%	USD12,080,000 (equivalent to approximately HK\$93,740,000)
2. 4 residential units of Block A, whole of Block B (30 residential units) and 27 covered car parking spaces of Aidu Apartment, No.55 Lane 2222, Hongqiao Road, Changning District, Shanghai, The PRC	USD14,720,000 (equivalent to approximately HK\$114,230,000)	100%	USD14,720,000 (equivalent to approximately HK\$114,230,000)	40%	USD5,890,000 (equivalent to approximately HK\$45,710,000)
<b>Sub-Total</b>	<b>USD44,920,000</b> <b>(equivalent to approximately HK\$348,590,000)</b>		<b>USD44,920,000</b> <b>(equivalent to approximately HK\$348,590,000)</b>		<b>USD17,970,000</b> <b>(equivalent to approximately HK\$139,450,000)</b>

## Group II — Property interests held by the Group in the PRC for sale

Property	Market Value in existing state as at 30 September 2010	Interest attributable to the Target Company	Market Value in existing state attributable to the Target Company as at 30 September 2010	Interest attributable to the Sale Shares	Market Value in existing state attributable to the Sale Shares as at 30 September 2010
3. 55 car parking spaces on Basement Level of Talent Court, No. 4 of 163 Puhuitang Road, Xuhui District, Shanghai, The PRC	RMB15,400,000 (equivalent to approximately HK\$17,950,000)	100%	RMB15,400,000 (equivalent to approximately HK\$17,950,000)	40%	RMB6,160,000 (equivalent to approximately HK\$7,180,000)
4. 3 residential units of Block 1, a residential unit of Block 3, 15 residential units of Block 8, 23 residential units of Block S1, whole of Block S2 (69 residential units), whole of Block S3 (36 residential units), 13 shop units and 168 covered car parking spaces of The Waterfront, Lane 133 Guangfu Xi Road, Putuo District, Shanghai, the PRC	RMB1,623,820,000 (equivalent to approximately HK\$1,892,240,000)	50%	RMB811,910,000 (equivalent to approximately HK\$946,120,000)	20%	RMB324,760,000 (equivalent to approximately HK\$378,440,000)
<b>Sub-Total</b>	<b>RMB1,639,220,000</b> (equivalent to approximately <b>HK\$1,910,190,000</b> )		<b>RMB827,310,000</b> (equivalent to approximately <b>HK\$964,070,000</b> )		<b>RMB330,920,000</b> (equivalent to approximately <b>HK\$385,620,000</b> )
<b>Total</b>	<b>HK\$2,258,780,000</b>		<b>HK\$1,312,660,000</b>		<b>HK\$525,070,000</b>

## VALUATION CERTIFICATE

## Group I — Property interests held by the Group in the PRC for investment

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2010
1. China Garden, Nos. 1-6, Lane 39, Ronghuaxi Road, Gubei New Area, Changning District, Shanghai, The PRC	<p>China Garden (referred hereinafter as the “Development”) comprises four 8-storey and two 4-storey residential towers erected over a site with an area of 3,529 sq. m. amid the eastern side of Shuicheng Road in Changning District.</p> <p>The Development is a self-contained residential estate of reinforced concrete construction completed in 1993.</p> <p>The property comprises the whole of 82 residential units of the Development.</p> <p>The total gross floor area of the property is approximately 9,649.33 sq.m. (103,865 sq.ft.).</p> <p>The property is held under land use rights of granted (出讓) in nature for residential uses. (Refer to Note 1 for details.)</p>	<p>The property is currently owned and operated by 上海華園國際房地產開發經營有限公司 (Shanghai China Garden International Real Estate Development &amp; Management Co. Ltd.) (referred hereinafter as the “Hua Yuan”) as serviced apartment. The property is subject to various tenancies with the latest term being expired on 20 August 2012. The total annual income received by Hua Yuan is in the sum of USD1,859,901 inclusive of management fees.</p>	<p>USD30,200,000</p> <p>(equivalent to approximately HK\$234,360,000)</p> <p><b>Interest attributable to the Target Company</b></p> <p>100%</p> <p><b>Market value in existing state attributable to the Target Company as at 30 September 2010</b></p> <p>USD30,200,000</p> <p>(equivalent to approximately HK\$234,360,000)</p> <p><b>Interest attributable to the Sale Shares</b></p> <p>40%</p> <p><b>Market value in existing state attributable to the Sale Shares as at 30 September 2010</b></p> <p>USD12,080,000</p> <p>(equivalent to approximately HK\$93,740,000)</p>

*Notes:*

- Pursuant to a Real Estate Title Certificate (Document No. Hu Fang De Chang Zi (2007) Di No. 016203) dated 13 September 2007 issued by Shanghai Building and Land Administration Bureau, the whole of the Development with a total site area of approximately 3,529 sq.m. and a total gross floor area of approximately 9,649.33 sq.m. is vested in 上海華園國際房地產開發經營有限公司 (Shanghai China Garden International Real Estate Development & Management Co. Ltd.) (referred hereinafter as “Hua Yuan”) for residential uses and the nature of the land use rights is granted (出讓). The term of land use rights is not stipulated in the aforesaid Real Estate Title Certificate.

2. Pursuant to a Certificate of Registration of Real Estate of Shanghai Municipality (Document No. Chang 201005001843) dated 5 February 2010, the property is subject to a mortgage in favour of Wing Hang Bank (China) Company Limited Shenzhen Branch at a consideration of RMB3,000,000 for the period between 10 February 2010 and 9 February 2011.
  
3. According to information provided by the Company, Hua Yuan is an indirect 60% owned subsidiary of the Group. Therefore, the market value of the property in existing state attributable to the Group as at Date of Valuation was USD18,120,000 (equivalent to approximately HK\$140,620,000).
  
4. The PRC legal opinion states, inter alia, the following:
  - (i) As at 25 November 2010, the ownership of the buildings and land use rights of the property is legally vested in Hua Yuan.
  
  - (ii) As at 25 November 2010, Hua Yuan is legally entitled to occupy, use, lease, mortgage and dispose of the property.
  
  - (iii) As at 25 November 2010, the property is subject to a mortgage. During the mortgage period, Hua Yuan could not transfer the property without the consent of the mortgagee.

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2010
2.	4 residential units of Block A, whole of Block B (30 residential units) and 27 covered car parking spaces of Aidu Apartment, No.55 Lane 2222, Hongqiao Road, Changning District, Shanghai, The PRC	The property is currently owned and operated by 海逸投资有限公司 (Hiat Investment Limited) (referred hereinafter as "Hiat") as serviced apartment. The property is subject to various tenancies with the latest term being expired on 31 July 2011. The total annual income received by Hi at is in the sum of USD251,412 inclusive of management fees.	USD14,720,000 (equivalent to Approximately HK\$114,230,000)
	The Development is a self-contained residential estate of reinforced concrete construction completed in 1995.		<b>Interest attributable to the Target Company</b> 100%
	The property comprises 4 residential units in Block A, the whole of Block B (30 residential units) and 27 covered car parking spaces of the Development.		<b>Market value in existing state attributable to the Target Company as at 30 September 2010</b> USD14,720,000 (equivalent to approximately HK\$114,230,000)
	The total gross floor area of the property (excluding the car parking spaces) is approximately 4,650.33 sq.m. (50,056 sq.ft.).		<b>Interest attributable to the Sale Shares</b> 40%
	The property is held under land use rights for a term commencing from 12 March 1997 and expiring on 16 April 2063 for residential uses.		<b>Market value in existing state attributable to the Sale Shares as at 30 September 2010</b> USD5,890,000 (equivalent to approximately HK\$45,710,000)

*Notes:*

- The property comprises units 101, 102, 602, 703 of Block A and whole of Block B and 27 car parking spaces nos. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 28, 29, 30, 41, 42, 43, 44, 45, 46, 47, 69, 80, 82, 83, 84 and 85 in the Development.
- Pursuant to a Real Estate Title Certificate (Document No. Hu Fang De Shi Zi (1997) Di No. 001106) dated 21 April 1997 issued by Shanghai Building and Land Administration Bureau, 20 residential units and 13 car parking spaces of Block A of the property with a total apportioned site area of approximately 1,340 sq.m. and a total gross floor area of approximately 2,635 sq.m. has been vested in 海逸投资有限公司 (Hiat Investment Limited) (referred hereinafter as "Hiat") for a term commencing from 12 March 1997 and expiring on 16 April 2063 for residential uses.

We noted that Hi at disposed of 16 residential units and 7 car parking spaces of Block A on or before 30 September 2010. Amendments were made to the aforesaid Certificate to reflect the disposal of units 103, 104, 201, 202, 203, 204, 303, 304, 402, 403, 404, 503, 603, 604, 702 and 704 of Block A with a gross floor area of approximately 2,107.37 sq.m. and car parking spaces nos. 57, 58, 59, 70, 78, 79 and 81.

As at 30 September 2010, 4 residential units and 6 car parking spaces of Block A of the property with a total apportioned site area of approximately 268.3 sq.m. and a total gross floor area of approximately 527.63 sq.m. remained vested in Hiat.

3. As per a Sale and Purchase Agreement dated 18 August 2010, unit 102 of Block A with a gross floor area of 132.17 sq.m. has been disposed at a consideration of RMB2,780,000 and completion of the disposal took place on 30 October 2010.
4. Pursuant to another Real Estate Title Certificate (Document No. Hu Fang De Shi Zi (1997) Di No. 001102) dated 21 April 1997 issued by Shanghai Building and Land Administration Bureau, the whole of Block B (30 residential units and 21 car parking spaces) of the property with a total apportioned site area of approximately 2,093.8 sq.m. and a total gross floor area of approximately 4,122.7 sq.m. is vested in Hiat for a term commencing from 12 March 1997 and expiring on 16 April 2063 for residential uses.
5. Pursuant to a Mortgage dated 29 September 2009, 9 units in Block A, 29 units in Block B and 30 car parking spaces including (i) units 102, 103, 201, 202, 203, 303, 404, 602, 703 of Block A, (ii) whole block of Block B except unit 101, and (iii) car parking spaces nos. 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 28, 29, 30, 41, 42, 43, 44, 45, 46, 47, 57, 69, 79, 80, 81, 82, 83, 84 and 85 are subject to a mortgage executed in favour of HSBC Bank (China) Company Limited Shanghai Branch (the "Bank") to guarantee a maximum loan of HK\$120,000,000 for the period between 13 July 2009 to 15 January 2013. According to a Certificate of Registration of Real Estate of Shanghai Municipality, the said Mortgage was registered with the real estate registration authority of Changning District under the registration certificate number Chang 200905018136 on 29 October 2009.
6. Pursuant to a supplementary Mortgage Agreement dated 8 December 2009, units 103 and 404 of Block A and car parking spaces 57 and 79 pledged under the said mortgage were released from the Bank while the other terms remained the same.
7. Pursuant to a supplementary Mortgage Agreement dated 8 January 2010, units 201 and 202 of Block A pledged under the said mortgage were released from the Bank while the other terms remained the same.
8. Pursuant to a supplementary Mortgage Agreement dated 15 April 2010, units 203 and 303 of Block A and car parking space 81 pledged under the said mortgage were released from the Bank while the other terms remained the same.
9. Pursuant to a supplementary Mortgage Agreement dated 10 September 2010, unit 102 of Block A pledged under the said mortgage was released from the Bank while the other terms remained the same.
10. According to information provided by the Company, Hiat is an indirect 60% owned subsidiary of the Group. Therefore, the market value of the property in existing state attributable to the Group as at Date of Valuation was USD8,830,000 (equivalent to approximately HK\$68,520,000).
11. The PRC legal opinion states, inter alia, the following:
  - (i) As at 25 November 2010, the ownership of the buildings and land use rights of the property except for unit 102 of Block A, is legally vested in Hiat.
  - (ii) As at 25 November 2010, Hiat is legally entitled to occupy, use, lease, mortgage and dispose of the property except for unit 102 of Block A.
  - (iii) As at 25 November 2010, the property except for unit 102 of Block A is not subject to mortgage.
  - (iv) Hiat Investment Limited has entered into a Sale and Purchase Agreement with an individual purchaser to dispose of Unit 102 of Block A prior to 30 September 2010. The agreement is binding on the parties concerned who are obliged to perform their respective obligations under the agreement and ownership of the aforesaid residential unit has been transferred to such individual purchaser accordingly.



## VALUATION CERTIFICATE

## Group II — Property interests held by the Group in the PRC for sale

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2010
3.	55 car parking spaces on Basement Level of Talent Court, No. 4 of 163 Puhuitang Road, Xuhui District, Shanghai, The PRC	Talent Court (referred hereinafter as the "Development") comprises six blocks of medium to high-rise residential towers plus one level of basement for car parking or recreational uses. The Development is erected on a site with an area of 8,073 sq. m. amid the northern side of Puhuitang Road in Xuhui District.	RMB15,400,000 (equivalent to approximately HK\$17,950,000)
	The Development is a self-contained residential estate of reinforced concrete construction completed in 1999.		<b>Interest attributable to the Target Company</b>  100%
	The property comprises 55 car parks on Basement Level of the Development. (Refer to Note 2 for details)	The property is currently vacant.	<b>Market value in existing state attributable to the Target Company as at 30 September 2010</b>  RMB15,400,000 (equivalent to approximately HK\$17,950,000)
			<b>Interest attributable to the Sale Shares</b>  40%
			<b>Market value in existing state attributable to the Sale Shares as at 30 September 2010</b>  RMB6,160,000 (equivalent to approximately HK\$7,180,000)

*Notes:*

- The property comprises the following car parking spaces in the Development:

*Car Park Portion*

Level	Unit No.
Basement	1, 2, 3, 5, 6, 7, 11, 20, 21, 22, 23, 25, 26, 27, 28, 29, 31, 32, 33, 36, 39, 51, 53, 56, 62, 68, 69, 70, 73, 75, 80, 81, 89, 90, 91, 92, 96, 97, 98, 99, 100, 105, 107, 108, 109, 110, 111, 112, 119, 120, 121, 122, 123, 132 and 133.

2. Pursuant to a Shanghai Certificate of Real Estate Ownership (Document No. Hu Fang De Xu Zi (2010) Di No. 016584) dated 29 September 2010 issued by Shanghai Housing Security & Administration Bureau, the land use rights of 55 car parking spaces and a residential unit having a site area of approximately 8,073 sq.m. has been granted to 彭金芝 (Pang Kam Chi Cammie) for residential uses. The land use rights term is not stated in the aforesaid certificate.

As stipulated, the building ownership of 55 car parking spaces with a gross floor area of approximately 2,288 sq.m. and a residential unit with a gross floor area of approximately 98.37 sq.m. is vested in 彭金芝 (Pang Kam Chi Cammie) for car parking uses and apartment uses respectively.

Pursuant to a Deed of Trust entered into between Red Shine Investment Limited (the “Beneficiary”) and 彭金芝 (Pang Kam Chi Cammie, referred hereinafter as the “Trustee”) on 25 October 2004, the Trustee, as the nominee and trustee of the Beneficiary, declares to hold the property and all income and proceeds of sale, including but not limited to rent received from tenants, deriving from the property or any of them upon trust for the Beneficiary and its successors in title. There is no fixed term for the Deed of Trust.

3. We have been provided with the Sale and Purchase Agreement of car parking space no. 15 dated 22 October 2004. Pursuant to the Appendix 4 of the aforesaid agreement, the land use rights term of the Talent Court is commenced from 11 April 1997 and expiring on 10 April 2067 for residential uses. In our valuation, we have assumed the property has the same land use rights term.
4. According to information provided, Red Shine Investment Limited is a subsidiary of and owned as to 60% by Tysan Holdings Limited.
5. According to information provided by the Company, the Beneficiary, Red Shine Investment Limited, is an indirect 60% owned subsidiary of the Group. Therefore, the market value of the property in existing state attributable to the Group as at Date of Valuation was RMB9,240,000 (equivalent to approximately HK\$10,770,000).
6. The PRC legal opinion states, inter alia, the following:
  - (i) As at 28 November 2010, the ownership of the property is legally vested in 彭金芝 (Pang Kam Chi Cammie).
  - (ii) As at 28 November 2010, 彭金芝 (Pang Kam Chi Cammie) is legally entitled to occupy, use, lease, mortgage and dispose of the property.
  - (iii) As at 28 November 2010, the property is not subject to any mortgage.
  - (iv) According to a Deed of Trust entered into between Red Shine Investment Limited and 彭金芝 (Pang Kam Chi Cammie) on 25 October 2004, 彭金芝 (Pang Kam Chi Cammie) entrusted by Red Shine Investment Limited to hold the property and all income and proceeds of sale, including but not limited to rent received from tenants, deriving from the property would be vested in Red Shine Investment Limited.
  - (v) Red Shine Investment Limited has the rights to receive all income deriving from the property according to the Deed of Trust.

## VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2010										
4. 3 residential units of Block 1, a residential unit of Block 3, 15 residential units of Block 8, 23 residential units of Block S1, whole of Block S2 (69 residential units), whole of Block S3 (36 residential units), 13 shop units and 168 covered car parking spaces of The Waterfront, Lane 133 Guangfu Xi Road, Putuo District, Shanghai, the PRC	<p>The Waterfront (referred hereinafter as the "Development") comprises 6 blocks of high-rise and 3 blocks of medium-rise residential buildings, shops, club house and carpark erected over a site with an area of 36,562 sq.m. (Lot No. Putuo District Chang Shou Road 92 Jie Fang 1/3 Qiu) amid the western side of Guangfu Xi Road in Putuo District.</p> <p>The Development is a self-contained residential estate of reinforced concrete construction completed in between 2008 and 2010.</p> <p>The property comprises 147 residential units, 13 shop units and 168 covered car parking spaces of the Development.</p> <p>The gross floor area of the property is approximately as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>28,761.13 sq.m.</td> </tr> <tr> <td>Shops</td> <td>2,680.17 sq.m.</td> </tr> <tr> <td>Car Parking Spaces</td> <td><u>6,602.4 sq.m.</u></td> </tr> <tr> <td>Total:</td> <td>38,043.7 sq.m. (409,502 sq.ft.)</td> </tr> </tbody> </table> <p>The property is held under land use rights for a term expiring on 7 January 2073 for residential uses.</p>	Use	Gross Floor Area	Residential	28,761.13 sq.m.	Shops	2,680.17 sq.m.	Car Parking Spaces	<u>6,602.4 sq.m.</u>	Total:	38,043.7 sq.m. (409,502 sq.ft.)	<p>We have inspected unit 3 of Block S1 and it was vacant. For other units, we have carried out external inspection only, we therefore assumed that these units were vacant as at the date of inspection. We also have been informed by the Company that the property was for sale.</p>	<p>RMB1,623,820,000</p> <p>(equivalent to approximately HK\$1,892,240,000) (Refer to Note 8)</p> <p><b>Interest attributable to the Target Companies</b></p> <p>50%</p> <p><b>Market value in existing state attributable to the Target Companies as at 30 September 2010</b></p> <p>RMB811,910,000</p> <p>(equivalent to approximately HK\$946,120,000)</p> <p><b>Interest attributable to the Sales Shares</b></p> <p>20%</p> <p><b>Market value in existing state attributable to the Sale Shares as at 30 September 2010</b></p> <p>RMB324,760,000</p> <p>(equivalent to approximately HK\$378,440,000)</p>
Use	Gross Floor Area												
Residential	28,761.13 sq.m.												
Shops	2,680.17 sq.m.												
Car Parking Spaces	<u>6,602.4 sq.m.</u>												
Total:	38,043.7 sq.m. (409,502 sq.ft.)												

*Notes:*

1. The property comprises the following residential units, shop units and car parking spaces in the Development:

***Residential Portion***

<b>Block</b>	<b>Unit No.</b>
1	2308, 2801, 3108
3	3603
8	2901, 201, 202, 203, 302, 2101, 2301, 2803, 2908, 3108, 3208, 3308, 3301, 3701, 3608
S1	11-02, 11-03, 11-10, 11-11, 11-15, 11-16, 12-02, 12-03, 12-09, 13-02, 13-03, 13-12, 13-15, 17-02, 17-15, 17-16, 18-02, 18-03, 18-05, 18-08, 18-16, 19-02, 19-03
S2	whole block
S3	whole block

***Retail Portion***

<b>Level</b>	<b>Shop No.</b>
Level 1	258, 262, 266, 268, 270, 274, 276, 280, 282, 284, 286
Basement 1, Level 1	264, 272

***Car Park Portion***

<b>Level</b>	<b>Unit No.</b>
Basement	102, 111, 130, 216, 217, 218, 219, 220, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 500, 501, 503, 506, 507, 624, 625, 643, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 656, 658, 659, 661, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 674, 675, 710, 714, 719, 720, 723, 724, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 747, 748, 749, 750, 752, 757, 759, 763, 764, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1100, 1101, 1102, 1103, 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117

2. Pursuant to the Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang De Pu Zi (2008) Di No. 019643) issued by Shanghai Housing and Land Resources Administration Bureau on 22 August 2008, the land use rights of Block 1 of The Waterfront has been granted to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) for a term expiring on 7 January 2073 for residential use.

As stipulated, the ownership of Block 1 of The Waterfront has been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). The gross floor area of individual unit is not shown in the aforesaid certificate.

Pursuant to the title search records of Shanghai Real Estate Registration Books provided by the Company, units 2308, 2801 and 3108 of Block 1 has a total gross floor area of approximately 390.25 sq.m. (4,201) sq.ft.

3. Pursuant to the Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang De Pu Zi (2008) Di No. 024782) issued by Shanghai Housing and Land Resources Administration Bureau on 24 November 2008, the land use rights of Block 3 and 104 car parking spaces of The Waterfront has been granted to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) for a term expiring on 7 January 2073 for residential use.

As stipulated, the ownership of unit 3603 of Block 3 of The Waterfront with a gross floor area of approximately 137.34 sq.m. (1,478 sq.ft.) and 104 car parking spaces with a total gross floor area of approximately 4,087.2 sq.m. (43,995 sq.ft.) has been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited).

4. Pursuant to the Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang De Pu Zi (2009) Di No. 013271) issued by Shanghai Housing and Land Resources Administration Bureau on 27 May 2009, the land use rights of Block 8 of The Waterfront has been granted to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) for a term expiring on 7 January 2073 for residential use.

As stipulated, the ownership of units 2901, 201, 202, 203, 302, 2101, 2301, 2803, 2908, 3108, 3208, 3308, 3301, 3701, 3608 of Block 8 with a total gross floor area of approximately 3,022.16 sq.m. (32,531) sq.ft. has been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited).

5. Pursuant to the Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang De Pu Zi (2010) Di No. 023415) issued by Shanghai Housing Security & Administration Bureau on 21 September 2010, the land use rights of Block S1, Block S2 and 64 car parking spaces of The Waterfront has been granted to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) for a term expiring on 7 January 2073 for residential use.

As stipulated, the ownership of Block S1, S2 and 64 car parking spaces of The Waterfront has been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). The gross floor area of individual unit is not shown in the aforesaid certificate.

Pursuant to the title search records of Shanghai Real Estate Registration Books provided by the Company, units 11-02, 11-03, 11-10, 11-11, 11-15, 11-16, 12-02, 12-03, 12-09, 13-02, 13-03, 13-12, 13-15, 17-02, 17-15, 17-16, 18-02, 18-03, 18-05, 18-08, 18-16, 19-02 and 19-03 of Block S1 have a total gross floor area of approximately 4,343.57 sq.m. (46,754) sq.ft.

Pursuant to the title search records of Shanghai Real Estate Registration Books provided by the Company, the whole of Block S2 has a total gross floor area of approximately 12,500.77 sq.m. (134,558) sq.ft.

Pursuant to the title search records of Shanghai Real Estate Registration Books provided by the Company, the 64 car parking spaces have a total gross floor area of approximately 2,515.2 sq.m. (27,074) sq.ft.

6. As informed by the Company, the Real Estate Ownership Certificate of Block S3 has not been obtained.

According to Construction Land Use Planning Permit (Document No. Hu De Pu No. (2004)0046) dated 26 November 2004 issued by Putuo District City Planning Management Bureau in favor of 上海普陀頓肯房地產開發經營有限公司 (Shanghai Putuo Duncan Property Development Company Limited), the total permitted site area for construction of The Waterfront of the property is approximately 46,785 sq.m..

According to a Construction Work Planning Permit (Document No. Hu Pu Jian No. (2006)07051215F03942) dated 15 December 2006 issued by Putuo District City Planning Management Bureau in favor of 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited), Block S3 of the property is permitted to have a total gross floor area of approximately 10,416.55 sq.m. (among which 547.27 sq.m. above ground and 1,578.04 sq.m. below ground is exempted from plot ratio calculation).

According to a Construction Commencement Permit (Document No. 0301PT0252D01 310107200304090201) dated 1 March 2005 issued by Shanghai Construction Management Bureau in favor of 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited), Block S3 of the property is permitted to commence the construction work with a construction scale of approximately 10,416 sq.m.

According to a Building and Land Ownership Survey Report issued by Putuo District Building and Land Survey Centre on 16 April 2010 to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited), the whole of Block S3 has a total gross floor area of approximately 8,367.04 sq.m. (90,063 sq.ft.).

7. Pursuant to a Pre-sale Permit issued by Putuo District Housing Security & Administration Bureau on 3 November 2009, Block S3 of the property with a gross floor area of 8,049.37 sq.m. is permitted to pre-sale. As informed by the Company, the Pre-sale Permit of unit 31-12\_15 has not been applied.
8. The Pre-sale Permit and Real Estate Ownership Certificate of Unit 31-12\_15 of Block S3 with a gross floor area of 334.86 sq.m. (3,604 sq.ft.) have not been obtained and therefore the aforesaid unit is not able to be freely transfer in the market. We have ascribed no commercial value to the aforesaid unit. For reference purpose, on the assumption the Pre-sale Permit and Real Estate Ownership Certificate have been obtained, the indicative market value was RMB17,750,000 (equivalent to approximately HK\$20,680,000) as at the Date of Valuation.
9. Pursuant to the Shanghai Certificate of Real Estate Ownership (Document No: Hu Fang De Pu Zi (2008) Di No. 019642) issued by Shanghai Housing and Land Resources Administration Bureau on 27 August 2008, the land use rights of 13 units shop has been granted to 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) for a term expiring on 7 January 2073 for residential use.  
  
As stipulated, the ownership of 13 units shop has been vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited).  
  
Pursuant to 12 title search records of Shanghai Real Estate Registration Books all dated 26 November 2010 provided by the Company, shop nos. 258, 262, 264, 272, 266, 268, 270, 274, 276, 280, 282, 284 and 286 have a total gross floor area of approximately 2,680.17 sq.m. (28,849) sq.ft. The breakdown of gross floor area of ground floor and basement of shop nos. 264 and 272 is provided by the Company.
10. As informed by the Company, the property is not subject to any mortgage as at 30 September 2010.
11. According to the Company, 上海普陀頓肯房地產開發經營有限公司 (Shanghai Putuo Duncan Property Development Company Limited, now known as 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited)).
12. According to information provided by the Company, Tysan Land (Shanghai) Limited is an indirect 80% owned subsidiary of the Group. Therefore, the market value of the property in existing state attributable to the Group as at Date of Valuation was RMB1,299,060,000 (equivalent to approximately HK\$1,513,790,000).
13. Pursuant to 9 Sale and Purchase Agreements, 7 residential units and 2 car parking spaces were disposed after the Date of Valuation. The 7 residential units include units 3208 of Block 8, units 12-09 and 13-12 of Block S1, units 23-06, 23-09, 23-10 and 29-09 of Block S2 with a total gross area of 1,232.83 sq. m.. The 2 car parking spaces include car parking spaces nos. 217 and 1011 with a total gross area of 78.6 sq. m.

14. The PRC legal opinion states, inter alia, the following:

- (i) As at 1 December 2010, the ownership of 97 residential units, 13 shops and 151 car parking spaces is legally vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) is legally entitled to occupy, use, lease, mortgage and dispose of the aforesaid residential units, shops and car parking spaces. The aforesaid residential units, shops and car parking spaces are not subject to any mortgage. The details of the aforesaid residential units, shops and car parking spaces are as follows:

***Residential Portion***

<b>Block</b>	<b>Unit No.</b>
1	2308
3	3603
8	201, 202, 203, 302, 2101, 2301, 2803, 2908, 3108, 3301, 3308, 3608, 3701
S1	11-02, 11-03, 11-10, 11-11, 11-15, 11-16, 12-02, 12-03, 13-02, 13-03, 13-15, 17-02, 17-15, 18-02, 18-03, 18-08, 19-02, 19-03
S2	21-02, 21-03, 21-05, 21-06, 21-07, 21-08, 21-09, 21-10, 21-11, 21-12, 21-15, 21-16, 22-02, 22-03, 22-05, 22-06, 22-07, 22-08, 22-09, 22-10, 22-11, 22-12, 22-15, 23-02, 23-03, 23-05, 23-07, 23-08, 23-11, 23-12, 23-15, 27-02, 27-03, 27-05, 27-06, 27-07, 27-08, 27-09, 27-10, 27-11, 27-12, 27-15, 27-16, 28-02, 28-03, 28-05, 28-06, 28-07, 28-08, 28-09, 28-10, 28-11, 28-12, 28-15, 29-02, 29-03, 29-05, 29-06, 29-07, 29-08, 29-10, 29-11, 29-12, 29-15

***Retail Portion***

<b>Level</b>	<b>Shop No.</b>
Level 1	258, 262, 266, 268, 270, 274, 276, 280, 282, 284, 286
Basement 1, Level 1	264, 272

***Car Park Portion***

<b>Level</b>	<b>Unit No.</b>
Basement	102, 111, 130, 216, 218, 219, 220, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 336, 337, 500, 501, 503, 506, 507, 624, 625, 643, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 656, 658, 659, 661, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 674, 675, 710, 714, 719, 720, 723, 724, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 749, 750, 752, 757, 759, 763, 764, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1012, 1013, 1014, 1015, 1016, 1017, 1100, 1102, 1103, 1106, 1107, 1110, 1111, 1112, 1113, 1117

- (ii) As at 10 December 2010, the ownership of 12 residential units and 9 car parking spaces is legally vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) has entered into either provisional Sale and Purchase Agreements or Sale and Purchase Agreements with individual purchasers to dispose of the aforesaid residential units and car parking spaces. The agreements are binding on the parties concerned who are obliged to perform their respective obligations under the agreements accordingly. The details of the aforesaid residential units are as follows:

***Residential Portion***

<b>Block</b>	<b>Unit No.</b>
1	2801, 3108
8	2901, 3208
S1	12-09, 13-12, 18-05
S2	23-06, 23-09, 23-10, 28-16, 29-09

***Car Park Portion***

<b>Level</b>	<b>Unit No.</b>
Basement	332, 333, 335, 338, 747, 748, 1011, 1105, 1115

- (iii) The ownership of whole Block S3 (36 residential units) is legally vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). The whole of Block S3 is not subject to any mortgage. The whole of Block S3 except for unit 31-12\_15 has obtained the Pre-sale Permit. The PRC legal adviser does not foresee any legal impediment to obtain the Real Estate Ownership Certificate of Block S3. As informed by the Company, the Real Estate Ownership Certificate of Block S3 (including unit 31-12\_15) will be obtained before end of 2011.
- (iv) As at 30 September 2010, the ownership of 8 car parking spaces including 217, 334, 1101, 1104, 1108, 1109, 1114 and 1116 is legally vested in 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited). 泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) is legally entitled to occupy, use, lease, mortgage and dispose of the aforesaid car parking spaces. The aforesaid car parking spaces are not subject to any mortgage. The aforesaid car parking spaces have been disposed and ownership has been transferred to individual purchasers as at preparation date of legal opinion.

泰升房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) has entered into provisional Sale and Purchase Agreements or Sale and Purchase Agreements with individual purchasers prior to 30 September 2010 in respect of the disposal of two residential units, namely, Units 17-16 and 18-16 of Block S1. The agreements are binding on the parties concerned who are obliged to perform their respective obligations under the agreements and ownership of the aforesaid residential units has been transferred to such individual purchasers accordingly.



## 1. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

## 2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

### (a) Interests and short positions of the Directors and chief executives in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company, including their respective associates in the equity or equity securities of the Company or its associated corporations (within the meanings of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies had been notified to the Company and the Stock Exchange were as follows:

#### (i) *Interests in Shares:*

Name	Number of Shares and nature of interest			Total interests
	Personal interests	Corporate interests	Other interests	
Mr. Francis Cheung	35,407,865	256,325,000 <sup>(1)</sup>	54,247,200 <sup>(2)</sup>	345,980,065
Mr. Fung Chiu Chak, Victor	69,867,600	—	—	69,867,600
Mr. David Chien	100,271,020	—	—	100,271,020
Miss Jennifer Kwok	16,500,000	—	—	16,500,000
Mr. Chiu Chin Hung	6,000,000	—	—	6,000,000
Mr. Wong Kay	10,765,000	—	—	10,765,000
Mr. Tse Man Bun	442,000	—	—	442,000
Mr. Lau Kin Fai	200,000	—	—	200,000
Mr. Harvey Jackel Cheung	78,000	—	—	78,000

(ii) *Interests in share options granted by the Company:*

<b>Name</b>	<b>Capacity</b>	<b>Date of grant</b>	<b>Exercise price (HK\$)</b>	<b>Exercise period</b>	<b>Number of share options outstanding</b>	<b>Percentage to issued share capital of the Company (%)</b>
Mr. Francis Cheung	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	—	0.24
Mr. Fung Chiu Chak, Victor	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	5,000,000	0.71
Mr. David Chien	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	750,000	0.09
Miss Jennifer Kwok	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	3,500,000	0.41
Mr. Chiu Chin Hung	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	1,500,000	0.18
Mr. Wong Kay	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	5,000,000	0.59
Mr. Lau Kin Fai	Beneficial owner	17 September 2010	1.46	17 September 2010 to 16 September 2013	3,000,000	0.35
Mr. Harvey Jackel Cheung	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	800,000	0.09

(iii) Interests in ordinary shares of associated corporations of the Company:

Name	Name of associated corporations	Number of ordinary shares and nature of interest		
		Personal interests	Corporate interests	Total interests
Mr. Fung Chiu Chak, Victor	Tysan Building Construction Company Limited	—	5,202,000 <sup>(3)</sup>	5,202,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	26	—	26
Miss Jennifer Kwok	Tysan Trading Company Limited	24	—	24
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200
Mr. Harvey Jackel Cheung	Tysan Building Construction Company Limited	—	5,202,000 <sup>(3)</sup>	5,202,000

*Notes:*

- (1) 171,237,000 Shares were held by Power Link Investments Limited and 85,088,000 Shares were held by Long Billion International Limited. Both of these companies were controlled by Mr. Francis Cheung.
- (2) Such Shares were held by a discretionary trust, the founder of which is Mr. Francis Cheung.
- (3) These Shares were held by Victor Create Limited which was owned as to 60% by Mr. Fung Chiu Chak, Victor and as to 40% by Mr. Harvey Jackel Cheung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the

Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) **Disclosure of interests of substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

*Interest in Shares*

Name	Number of shares held	Percentage to issued share capital of the Company
Power Link Investments Limited <sup>(1)</sup>	171,237,000	20.1
Eastern Glory Development Limited <sup>(2)</sup>	256,325,000	30.1
Goldcrest Enterprises Limited <sup>(2)</sup>	256,325,000	30.1
Bofield Holdings Limited <sup>(2)</sup>	256,325,000	30.1
Long Billion International Limited <sup>(1)</sup>	85,088,000	10.0

*Notes:*

- (1) The above interests of Power Link Investments Limited and Long Billion International Limited have also been disclosed as corporate interests of Mr. Francis Cheung in the section headed "Interests and short positions of the Directors and chief executives in the Company and its associated corporations" above.
- (2) These parties were deemed to have interests in the 256,325,000 shares by virtue of their equity interests in Power Link Investments Limited and Long Billion International Limited.

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of any compensation (other than statutory compensation).

### **4. INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS**

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group, and none of the Directors is interested in any assets which have been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published accounts of the Company.

Save as disclosed herein (including disclosure of interests in ordinary shares of associated corporations of the Company), as at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

### **5. LITIGATION**

On 22 June 2007, China Garden, a subsidiary of the Group, entered into an incentive agreement in Chinese with a third party (the "Incentive Agreement" and the "Third Party" respectively) whereby China Garden agreed to pay to the Third Party the sum of RMB5.18 million (the "Incentive Payment") subject to the terms and conditions of the Incentive Agreement.

On 16 June 2008, China Garden commenced legal proceedings against the Third Party in the Shanghai First Intermediate People's Court in Shanghai, PRC (the "Shanghai Court") seeking to set aside the Incentive Agreement on the basis, inter alia, that the Incentive Agreement was concluded as a result of significant misconception and is obviously unfair.

By a Writ and Statement of Claim issued in the High Court of Hong Kong on 10 September 2008 by the Third Party against China Garden (the "Hong Kong Action"), the Third Party claimed against China Garden the Incentive Payment pursuant to the Incentive Agreement.

On 28 October 2008, an Inter Partes Summons was taken out by China Garden in the High Court of Hong Kong in an application that all further proceedings in the Hong Kong Action be stayed in favour of the Shanghai Court on the ground that the Shanghai Court is a more appropriate forum than the court in Hong Kong for the adjudication of the dispute in the Hong Kong Action.

On 4 December 2009, an Order was granted by the High Court of Hong Kong together with costs in favour of China Garden that all further proceedings in the Hong Kong Action be stayed in favour of the Shanghai Court on the ground that it is a more appropriate forum. The time for the Third Party to appeal against the said Order of the High Court of Hong Kong has since expired.

Meanwhile, the legal proceedings in the Shanghai Court by China Garden against the Third Party, and including his counterclaim against China Garden for payment of the Incentive Payment are still proceeding.

By a written judgment dated 25 September 2010, the Shanghai Court granted the application of China Garden and ordered that the Incentive Agreement be revoked, and dismissed the counterclaims of the Third Party (save and except that China Garden is to reimburse the Third Party a sum of RMB 6,625 being the prescribed fees paid by the Third Party on behalf of China Garden). China Garden is given to understand that the Third Party is in the course of taking steps to appeal against the said judgment of the Shanghai Court and the progress and result thereof are yet to be observed.

In view of the immaterial amount of the Incentive Payment involved, the Company is of the view that there should not be any material adverse impact on the financial position of the Group as a whole irrespective of the outcome of the adjudication of the Shanghai Court.

Save as aforesaid, at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, the date to which the latest published audited accounts of the Group were made up.

## **7. MATERIAL CONTRACTS**

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular:

- (1) The Sale and Purchase Agreement;
- (2) The disposal agreement dated 12 June 2010 for the disposal by the Company and its associates of equity interest in, together with the benefits of the shareholder's loan owed by, Consco Investment Company Limited for the total consideration of HK\$885,518,313 approximately;
- (3) Tenancy Agreement in Chinese dated 9 July 2010 between Jetgood Development Real Estate (Shanghai) Co. Limited as the landlord (the "Landlord") and Tysan Land (Shanghai) Limited as the tenant (the "Tenant") regarding the tenancy of the premises (the "Premises") being Rooms 1701-1708, 568 Heng Feng Road, Zha Bei District, Shanghai, PRC, pursuant to which the Landlord rents to the Tenant the Premises for the period from 9 July 2010 to 8 October 2013 at the monthly rent of RMB160,706; and

- (4) The Master Agreement dated 21 October 2009 entered into among Tysan Foundation Limited, Tysan Construction (Macau) Limited, Tysan Building Construction Company Limited and Tysan Engineering Company Limited pursuant to which the principles regulating the business relationship between these parties are set out.

## **8. QUALIFICATION AND CONSENT OF EXPERT**

The following are the qualifications of experts who have given advice, letters or opinions for incorporation and as contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Centurion Corporate Finance Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities as defined in the SFO
Vigers Appraisal And Consulting Limited	Professional property valuer

(collectively, the “Experts”)

As at the Latest Practicable Date, none of the Experts has any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interests in any assets which have been, since 31 March 2010, (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

## **9. PROCEDURE TO DEMANDING A POLL**

Pursuant to Bye-law 66 of the Bye-laws of the Company, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or by proxy and for the time being entitled to vote at the meeting; or

- (c) by a Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

The Beneficial Owner of the Sale Shares is an indirect ultimate controlling beneficial owner of the Vendors and therefore the Sale Shares. He is the father and therefore an associate of Mr. David Chien, a Director of the Company. Accordingly, Mr. David Chien and his associates will abstain from voting on the Proposed Resolutions at the SGM.

To the best of the Directors' knowledge information and belief, and having made all reasonable enquiries, save as aforesaid, no Shareholder has an interest in the Sale and Purchase Agreement which is materially different from the other Shareholders. Accordingly, save as aforesaid, no other Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

Pursuant to the amended Rule 13.39 of the Listing Rules which has become effective from 1 January 2009, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the SGM will demand a poll for every resolution put forward at the SGM pursuant to Bye-law 66 of the Company's Bye-laws.

The Company will appoint scrutineers to handle the vote-taking procedures at the SGM. The results of the poll will be published on the website of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.tysan.com> on the business day next following the SGM.

## **10. GENERAL**

- (a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (c) The qualified accountant of the Company is Miss Mo Wai Ling. She is a member of The Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.
- (d) The Company Secretary of the Company is Miss Wong Suk Han, Kitty. She is a Solicitor qualified to practice in Hong Kong and a member of The Law Society of Hong Kong.
- (e) The branch share register of the Company in Hong Kong is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.



- (f) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during the normal business hours from 9:00 a.m. to 5:30 p.m. (save for Saturday and public holidays) at the head office and principal place of business of the Company in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 13 January 2011 (except public holidays):

- (a) the memorandum and articles of associates of the Company;
- (b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, the text of which is set out on pages 20 to 37 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 18 and 19 of this circular;
- (d) the valuation report signed by the Valuer, the text of which is set out on pages 38 to 54 of this circular;
- (e) the written consents from each of the Independent Financial Adviser and the Valuer respectively referred to in paragraph 8 of this appendix;
- (f) the Sale and Purchase Agreement;
- (g) this circular;
- (h) the annual reports of the Company for the years ended 31 March 2009 and 31 March 2010;
- (i) the material contracts referred to in paragraph 7 of this appendix.

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## NOTICE OF SGM

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### TYSAN HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

**NOTICE IS HEREBY GIVEN THAT** a special general meeting of Tysan Holdings Limited (the “Company”) will be held at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Thursday, 13 January 2011 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

“**THAT,**

1. the Acquisition (as defined in the Company’s circular dated 22 December 2010 dispatched to the shareholders of the Company, a copy of which has been produced to this special general meeting and marked “A” and initialled by the Chairman of this special general meeting for the purpose of identification, and which said circular is hereinafter referred to as the “Circular”) and all transactions contemplated under the Sale and Purchase Agreement (as defined in the Circular) be and are hereby approved, ratified and confirmed;
2. any one of the directors of the Company be and is hereby authorized to execute for and on behalf of the Company all such documents by his/her hand and/or under the seal of the Company and to apply or caused to be applied the seal of the Company thereunto and to do or cause to be done all such acts and things which, in his/her opinion, may be necessary, desirable or expedient to carry into effect the Acquisition and all transactions contemplated under the Sale and Purchase Agreement and all other matters in relation thereto or in connection therewith, and that all acts of the directors of the Company or any of them in respect of or arising from the above be and are hereby approved, ratified and confirmed.”

By order of the Board  
**TYSAN HOLDINGS LIMITED**  
**Francis Cheung**  
*Chairman*

Hong Kong, 22 December 2010

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## NOTICE OF SGM

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

11th Floor, Harbour Centre  
25 Harbour Road  
Wanchai  
Hong Kong

*Notes:*

1. Any member (other than a Clearing House (as hereinafter defined)) entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
2. A recognised clearing house within the meaning of Part 1 of Schedule 1 to the SFO (the "Clearing House"), being a member of the Company, may authorise such person or persons as it thinks fit to act as its representative or representatives at the meeting provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorised.
3. To be valid, the form of proxy, together with any power of attorney or other authority under which it is signed or a notorially certified copy of that power of attorney or authority, must be deposited with the Company's principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.
5. Each of the ordinary resolutions as set out above will be determined by way of a poll.