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## **TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 687)**

### **POSSIBLE MAJOR TRANSACTION DEEMED DISPOSAL OF A SUBSIDIARY IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF TYSAN FOUNDATION HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Further to the Company's last announcement dated 29 April 2011 regarding the Proposed Spin-off, the Board is pleased to announce that the Company has submitted a proposal with information in relation to the Proposed Spin-off to the Stock Exchange pursuant to PN15, and that on 18 July 2011, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

On 12 August 2011, TFH submitted the Listing Application to the Stock Exchange. The Proposed Spin-off is subject to the requirements under PN15 and other relevant provisions of the Listing Rules.

Through the Reorganization, TFH will become the holding company of the TFH Group, the subject of the Proposed Spin-off, which comprises certain existing subsidiaries of the Company and is engaged principally in the Spin-off Business.

In accordance with the requirement of PN15, the Board will give due regard to the interests of Shareholders by providing to the Qualifying Shareholders with the Assured Entitlement.

The exact structure and details of the Global Offering, including the Assured Entitlement, have not yet been finalized as the particulars of which are yet to be decided and finalized by the Directors in consultation with the Sponsor.

The Proposed Spin-off, should it materialize, will constitute a deemed disposal by the Company of its equity interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules and is expected to be a major transaction for the Company under Chapter 14 of the Listing Rules, which will be subject to the requirements under the Listing Rules of reporting, announcement and approval by the Shareholders. Upon completion of the Proposed Spin-off, TFH will remain a subsidiary of the Company.

The Board will also propose to adopt the TFH Share Option Scheme at the SGM. The TFH Share Option Scheme will be conditional upon, among others, the passing of a resolution by the Shareholders to approve the TFH Share Option Scheme under Chapter 17 of the Listing Rules (as TFH is a subsidiary of the Company), the Listing Committee granting the approval for the listing of, and permission to deal in, the TFH Shares which may be allotted and issued pursuant to the exercise of share options granted under the TFH Share Option Scheme, and the commencement of dealings in the TFH Shares on the Main Board.

Further announcement will be made by the Company in relation to the Proposed Spin-off if and when appropriate. The Circular will be despatched to the Shareholders in accordance with the provisions of the Listing Rules as soon as is practicable.

**Shareholders and potential investors in the Shares should note that the Proposed Spin-off is subject to, among others, final decisions of the Board and the board of directors of TFH and the approval from the Stock Exchange, and may or may not materialize. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

This announcement is made pursuant to Rule 13.09 of the Listing Rules. Further to the Company's last announcement dated 29 April 2011 regarding the Proposed Spin-off, the Board is pleased to announce that the Company has submitted a proposal with information in relation to the Proposed Spin-off to the Stock Exchange pursuant to PN15, and that on 18 July 2011, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

On 12 August 2011, TFH submitted the Listing Application to the Stock Exchange to apply for the listing of, and permission to deal in, the TFH Shares in issue and to be issued under the Global Offering (including the TFH Shares to be issued upon the exercise of the share options that may be granted under the TFH Share Option Scheme and the over-allotment option, if any) on the Main Board. The Proposed Spin-off is subject to the requirements under PN15 and other relevant provisions of the Listing Rules.

It is expected that, pursuant to the Global Offering, the TFH Shares will be offered for subscription by way of public offer in Hong Kong, and placement to professional and institutional investors, as well as to the Qualifying Shareholders by way of the Assured Entitlement. Following the completion of the Proposed Spin-off, the Company's percentage holding in the issued share capital of TFH will be reduced although it is intended that TFH will remain a subsidiary of the Company.

## **INFORMATION OF THE TFH GROUP AND THE RETAINED GROUP**

TFH was incorporated in Bermuda on 8 July 2011 and is an indirect wholly-owned subsidiary of the Company. Under the Proposed Spin-off, the Reorganization will be carried out through which TFH will become the holding company of the TFH Group. The TFH Group will be engaged principally in the Spin-off Business.

The Retained Group, save for its holding in TFH, will be engaged principally in the Retained Business.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Board considers that the Proposed Spin-off will be beneficial to both the Company and TFH on the following reasons:

- (1) The Spin-off Business has grown to a sufficient size to warrant the Proposed Spin-off which the Directors consider will be of benefit to the Retained Group and the TFH Group respectively.

- (2) The Proposed Spin-off will separate the Retained Business from the Spin-off Business. Such segregation will enable investors and financiers to appraise the strategies, success factors, functional exposure, risks and returns of the Retained Business and the Spin-off Business separately and to make their investment decisions accordingly. Investors will have the choice to invest in either one or both of the business models.
- (3) The Proposed Spin-off will allow the management teams of both the Company and TFH to focus more effectively on their respective core businesses and improve TFH's ability to recruit, motivate and retain key management personnel as well as to expediently and effectively capitalize on any business opportunities in the Spin-off Business that may arise.
- (4) The Proposed Spin-off will provide a separate and independent fund raising platform for TFH thereby enabling it to raise the capital required on its own to finance its future growth and expansion without reliance on the Company to do so. The Directors believe that TFH is in a position for significant growth and it would be both effective and prudent for TFH to have its separate fund raising platform to support this growth independently through the Proposed Spin-off.
- (5) As the Company intends to maintain more than 50% equity interest in TFH, the Company will continue to benefit from any potential growth in the Spin-off Business to be carried on by the TFH Group through consolidation of financial results generated by the TFH Group.
- (6) As a listed company itself through the Proposed Spin-off, TFH would be able to offer an equity based incentive program (such as a stock option or a share option scheme) to its employees that correlates directly to their performance in the Spin-off Business. TFH would therefore be in a better position to motivate its employees with incentive programs that are closely aligned with the objective of creating value for TFH's shareholders.
- (7) The Proposed Spin-off will be beneficial to shareholders of both the Company and TFH, because (a) TFH will enjoy greater flexibility to grow and expand its business free of actual or perceived constraints as a non-listed subsidiary, (b) TFH will enjoy increased ability to make acquisitions, where appropriate, by using its shares as an acquisition currency, and (c) the Company will continue to enjoy substantial return from the growth of TFH by maintaining a controlling interest in the TFH Group.

## **CONDITIONS PRECEDENT TO THE PROPOSED SPIN-OFF**

Completion of the Proposed Spin-off is conditional on, among others, the following conditions:

- (1) the Shareholders passing an ordinary resolution at the SGM approving the Proposed Spin-off and the TFH Share Option Scheme to be adopted by TFH and other related matters; and
- (2) the Listing Committee granting the approval for the listing of, and permission to deal in, all the TFH Shares in issue and to be issued under the Global Offering (including the TFH Shares to be issued upon the exercise of the options that may be granted under the TFH Share Option Scheme and the over-allotment option, if any) on the Main Board.

## **ASSURED ENTITLEMENTS**

In accordance with the requirement of PN15, the Board will give due regard to the interests of Shareholders by providing to the Qualifying Shareholders with the Assured Entitlement.

The exact structure and details of the Global Offering, including the Assured Entitlement, have not yet been finalized as the particulars of which are yet to be decided and finalized by the Directors in consultation with the Sponsor and will depend on, among others, the prevailing market conditions during the period leading to the Global Offering.

## **PROPOSED ADOPTION OF THE TFH SHARE OPTION SCHEME**

The Board will propose to adopt the TFH Share Option Scheme at the SGM. The TFH Share Option Scheme will be conditional upon, among others, the passing of a resolution by the Shareholders to approve the TFH Share Option Scheme under Chapter 17 of the Listing Rules (as TFH is a subsidiary of the Company), the Listing Committee granting approval for the listing of, and permission to deal in, the TFH Shares which may be allotted and issued pursuant to the exercise of share options granted under the TFH Share Option Scheme, and the commencement of dealings in the TFH Shares on the Main Board.

## **LISTING RULES IMPLICATION**

Since the Proposed Spin-off is expected to constitute a major transaction of the Company, the Proposed Spin-off is subject to the requirements under the Listing Rules of reporting, announcement and approval of the Shareholders at the SGM. Approval from the Shareholders for the Proposed Spin-off is also required under

PN15 of the Listing Rules. As far as the Directors are aware, the interests of all Shareholders (including the controlling shareholders of the Company) in the Proposed Spin-off are the same. Accordingly, all Shareholders are entitled to vote on such proposed resolutions at the SGM.

An independent board committee will be formed to consider the Proposed Spin-off and an independent financial adviser will be appointed to advise the independent board committee and the Shareholders on the fairness and reasonableness of the Proposed Spin-off.

Further announcement will be made by the Company in relation to the Proposed Spin-off if and when appropriate. The Circular will be despatched to the Shareholders in accordance with the provisions of the Listing Rules as soon as is practicable.

## **GENERAL**

The Tysan Group is engaged principally in both the Retained Business and the Spin-off Business.

As of the date of this announcement, the Board has not yet finalized the date of listing of the TFH Shares. The decisions of the Board and the board of directors of TFH to proceed with the Proposed Spin-off and the Global Offering, including the Assured Entitlement, as well as the details thereof are dependent upon, among others, the market conditions during the period leading up to the Global Offering. There is also no assurance that the Proposed Spin-off and the separate listing of, and the permission to deal in, the TFH Shares in issue and to be issued under the Global Offering on the Main Board will take place or as to when it may take place. Further announcement(s) will be made by the Company in relation to the Proposed Spin-off and the Global Offering as and when appropriate. Any decision to apply for the TFH Shares under the Global Offering should be based solely on information provided in the prospectus to be issued by TFH in connection therewith.

**Shareholders and potential investors in the Shares should note that the Proposed Spin-off is subject to, among others, the final decisions of the Board and the board of directors of TFH and the approval from the Stock Exchange, and may or may not materialize. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“Assured Entitlement”	the offer by the Company to the Qualifying Shareholders of TFH Shares representing a certain percentage of the TFH Shares initially available under the Global Offering either for subscription by the Qualifying Shareholders at the Offer Price on an assured basis, or in the form of an assured entitlement to a certain number of TFH Shares by way of distribution in specie to the Qualifying Shareholders pro rata to their shareholdings in the Company
“Board”	the board of Directors of the Company from time to time
“Circular”	a circular or circulars containing, among other things, further information of the Proposed Spin-off and the TFH Share Option Scheme, and including the related advice of the independent financial adviser to the independent board committee and the Shareholders, the recommendation of the independent board committee to the Shareholders, a notice of SGM and all other necessary information and documents
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are being listed on the Main Board
“controlling shareholder(s)”	bears the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Global Offering”	the conditional offer to the public in Hong Kong for subscription of the TFH Shares at the Offer Price, the conditional placing of the TFH Shares to certain professional and institutional investors for cash, and including, where applicable, the Assured Entitlement to the Qualifying Shareholder(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Application”	an application for listing of and permission to deal in all the ordinary shares of TFH in issue and to be issued under the Global Offering (including the TFH Shares to be issued upon the exercise of the share options that may be granted under the TFH Share Option Scheme and the over-allotment options, if any) on the Main Board of the Stock Exchange in Form A1 — Listing Application Form (For Equity Securities and Debt Securities) set out under Appendix 5 to the Listing Rules
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
“Offer Price”	the finally determined price per TFH Share in Hong Kong dollars (exclusive of brokerage, transaction levy and Stock Exchange trading fee) under the Global Offering
“PN15”	Practice Note 15 of the Listing Rules
“Proposed Spin-off”	the proposed spin-off of the Spin-off Business by the Company to TFH through the Reorganization and a separate listing of the TFH Shares on the Main Board



“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appears on the register of members of the Company on such record date to be determined by the Company (other than the Shareholders whose addresses on the register of members of the Company are outside Hong Kong on such record date), who shall be provided with the Assured Entitlement
“Reorganization”	the corporate restructuring exercise that will be undertaken in contemplation of the Proposed Spin-off pursuant to which, among others, TFH will become the holding company of the TFH Group
“Retained Business”	the business of property development, property investment and management, electrical and mechanical engineering and building and construction works now being engaged by the Tysan Group, which business will be operated by the Retained Group after completion of the Proposed Spin-off
“Retained Group”	the Tysan Group excluding the TFH Group
“SGM”	the special general meeting of the Company to be convened to approve, if thought fit, inter alia, the Proposed Spin-off and the TFH Share Option Scheme
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Spin-off Business”	the business of foundation piling and related works (including foundation piling, substructure and basement construction, site formation, ground investigation, landslip preventive and slope works, demolition, road and drainage works) as well as machinery leasing and trading now being engaged by the Tysan Group, which business will be operated by the TFH Group after completion of the Proposed Spin-off

“Sponsor”	Samsung Securities (Asia) Limited, a licensed corporation under the Securities and Futures Ordinance to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the Securities and Futures Ordinance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	bears the meaning ascribed to it under the Listing Rules
“TFH”	Tysan Foundation Holdings Limited, a company incorporated under the laws of Bermuda with limited liability on 8 July 2011 and an indirect wholly-owned subsidiary of the Company
“TFH Group”	TFH and its subsidiaries, all being subsidiaries of the Company and engaged principally in the Spin-off Business
“TFH Share Option Scheme”	the share option scheme of TFH under which share options may be granted, the exercise of which will entitle the holders thereof to subscribe for the TFH Shares, which is subject to the approval of the Shareholders at the SGM
“TFH Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of TFH
“Tysan Group”	the Company and its subsidiaries
“%”	per cent

By Order of the Board  
**Tysan Holdings Limited**  
**Fung Chiu Chak, Victor**  
*Vice Chairman and Managing Director*

Hong Kong, 12 August 2011

*As at the date of this announcement, the executive Directors are Mr. Francis Cheung; Mr. Fung Chiu Chak, Victor; Mr. David Chien; Miss Jennifer Kwok; Mr. Chiu Chin Hung; Mr. Wong Kay; Mr. Lau Kin Fai and Mr. Cheung Harvey Jackel; and the independent non-executive Directors are Mr. Fan Chor Ho, Paul; Mr. Tse Man Bun and Mr. Lung Chee Ming, George.*