

If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 with the accompanying form of proxy to the purchaser or the 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)

CONNECTED TRANSACTION

Provision of Bank Guarantee

**Independent financial adviser to the Independent Board Committee
and the independent Shareholders**



CENTURION CORPORATE FINANCE LIMITED

A letter from the Board is set out on pages 3 to 6 of this circular and a letter from the Independent Board Committee is set out on page 7 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 8 to 13 of this circular.

A notice convening a special general meeting of Tysan Holdings Limited to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong at 10:00 a.m. on Wednesday, 11 January 2006 is set out on page 20 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with Tengis Limited, the branch share registrar of Tysan Holdings Limited in Hong Kong at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, 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 form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the same meaning as ascribed to it in the Listing Rules
“Bank”	a financial institution in Hong Kong
“Bank Guarantee”	the corporate guarantee provided by the Company to the Bank in respect of the Banking Facilities as described in the paragraph headed “The Bank Guarantee” under the section headed “Letter from the Board”
“Banking Facilities”	HK\$40 million revolving credit facilities and HK\$5 million revolving trade financing facilities, totalling HK\$45 million, to be made available by the Bank for use by TBC
“Board”	the board of Directors
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Independent Board Committee”	an independent board committee of the Company comprising Messrs. Fan Chor Ho, Paul, Chau Cham Son and Tse Man Bun
“Independent Financial Adviser”	Centurion Corporate Finance Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6, 9 of the regulated activities as defined in the SFO, and the independent financial adviser to the Independent Board Committee and the independent Shareholders
“Latest Practicable Date”	9 December 2005, 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
“Mr. Fung”	Mr. Fung Chiu Chak, Victor, an executive Director
“Mr. Wong”	Mr. Wong Kay, an executive Director

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting of the Company to be convened to approve the provision of the Bank Guarantee as security for the Banking Facilities
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TBC”	Tysan Building Construction Company Limited, a company owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong



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

Independent Non-Executive Directors:

FAN Chor Ho, Paul

CHAU Cham Son

TSE Man Bun

Registered Office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

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

6th Floor, Sun Hung Kai Centre

30 Harbour Road

Wan Chai

Hong Kong

12 December 2005

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

Dear Sirs or Madam,

CONNECTED TRANSACTION Provision of Bank Guarantee

I. INTRODUCTION

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

LETTER FROM THE BOARD

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

The purpose of this circular is (i) to provide Shareholders further details of the Bank Guarantee; (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 provision of the Bank Guarantee; (iii) to set out the recommendation of the Independent Board Committee to the independent Shareholders with respect to the Bank Guarantee; and (iv) to give notice of the SGM to consider and, if thought fit, to approve the Bank Guarantee.

II. CONNECTED TRANSACTION

The Bank Guarantee

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

The Banking Facilities, whose size is determined with reference to the normal size of the contracts undertaken by TBC and its turnover and the amount acceptable to the Bank pursuant to its own assessment, are available for use by TBC upon execution of the Bank Guarantee. The Company is required to provide the Bank Guarantee in favour of the Bank, an independent third party not connected with the directors, chief executive, substantial shareholders of the Company and its subsidiaries or any of their respective associates, as security for the Banking Facilities. The maximum liability of the Company in respect of the Banking Facilities under the Bank Guarantee is limited to HK\$45 million together with all accrued interest, commissions, charges, costs and expenses of the Bank.

Each of the other shareholders of TBC, namely Mr. Fung and Mr. Wong, will provide a pro rata counter indemnity to the Company in respect of the Bank Guarantee such that the liabilities arising from the Bank Guarantee will be shared among all other shareholders of TBC on a pro rata basis. No fee, security or other form of remuneration will be provided to the Company by TBC or the other shareholders of TBC in respect of the Bank Guarantee. In accepting the pro rata counter indemnities of Mr. Fung and Mr. Wong, the Company has considered the financial capability of Mr. Fung and Mr. Wong to the best of the Company's information, including the interest being held by them in the Company, including Shares and options, and in its associated corporations and the estimated value thereof. As at the Latest Practicable Date, the said interests of Mr. Fung and Mr. Wong (and their respective associates) are as set out in the Appendix hereto (General Information) under the heading of "Disclosure of Interests".

LETTER FROM THE BOARD

Reasons and benefits of the Bank Guarantee

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

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

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

The Directors consider that it is common for banks to require a sole or joint and several guarantees to be given by the ultimate listed holding company because they are relatively more confident in the financial position of the listed company and therefore consider its guarantee to be a better security for their banking facilities. Furthermore, a guarantee to be provided by the Company, Mr. Fung and Mr. Wong on several and pro rata basis (instead of on a joint and several basis) is, as is also the usual case for banks in general, although proposed by the Company, not acceptable to the Bank.

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

Listing Rules Implications

TBC is a subsidiary of the Company (which controls the composition of the board of directors of TBC) and is owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong. Both Mr. Fung and Mr. Wong are Directors and therefore, TBC is a connected person of the Company under Rule 14A.11 of the Listing Rules. The provision of the Bank Guarantee by the Company to a connected person, being a form of financial assistance, constitutes a connected transaction under Rule 14A.13(2) of the Listing Rules. As the prescribed thresholds for exemption under Rule 14A.65 of the Listing Rules have been exceeded, the provision of the Bank Guarantee is subject to the disclosure requirements and approval by independent Shareholders pursuant to Rule 14A.63 of the Listing Rules. The Company will seek the approval of the independent Shareholders by way of a poll at the SGM.

III. THE SGM

The SGM will be held at 10:00 a.m. on Wednesday 11 January 2006 at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong for the purpose of considering and, if thought fit, passing the ordinary resolution to approve the provision of the Bank Guarantee by the Company. The

LETTER FROM THE BOARD

notice of the SGM is set out on page 20 of this circular. Mr. Fung, Mr. Wong and other shareholders of TBC and their respective associates will abstain from voting on the ordinary resolution at the SGM. Mr. Francis Cheung, the controlling Shareholder holding about 35.3 per cent. of the equity interests in the Company, has confirmed that he will vote for the ordinary resolution at the SGM.

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 branch share registrar, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, 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.

IV. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 7 of this circular which contains the advice and recommendation of the Independent Board Committee to the independent Shareholders as to voting at the SGM regarding the approval of the ordinary resolution on the provision of the Bank Guarantee. 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 provision of the Bank Guarantee by the Company 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 8 to 13 of this circular.

V. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix 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



TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 687)

12 December 2005

To the Independent Shareholders

Dear Sirs or Madam,

**CONNECTED TRANSACTION
Provision of Bank Guarantee**

We refer to the circular to the Shareholders dated 12 December 2005 (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 provision of the Bank Guarantee by the Company and to advise the independent Shareholders in connection with the approval of the provision of the Bank Guarantee by the Company 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 3 to 6 of the Circular and the letter of advice from the Independent Financial Adviser as set out on pages 8 to 13 of the Circular.

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 provision of the Bank Guarantee is on normal commercial terms, in the interest of the Company and the independent Shareholders as a whole, and the terms thereof are fair and reasonable so far as the independent Shareholders are concerned. Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolution to approve the provision of the Bank Guarantee, particulars of which are set out in the notice convening the SGM set out on page 20 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 **CHAU Cham Son**
Director *Director*
TSE Man Bun
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 12 December 2005 for incorporation in this circular:



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

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

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威靈頓公爵大廈7樓

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

12 December 2005

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

Dear Sirs,

CONNECTED TRANSACTION PROVISION OF BANK GUARANTEE

We have been engaged to advise the Independent Board Committee and the independent Shareholders with respect to the terms and conditions of the provision of a corporate guarantee by the Company on a 100 per cent. basis with respect to the Banking Facilities made available to TBC (the "Bank Guarantee"), which is an indirect non wholly-owned subsidiary of the Company, details of which are set out in the circular dated 12 December 2005 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 Bank Guarantee are fair and reasonable in so far as the independent Shareholders are concerned as a whole, details of which are contained in the "Letter From The Board" set out from pages 3 to 6 of the Circular. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

In respect of the financial positions of each of the Group and TBC, we have relied principally on their respective audited consolidated accounts as at 31 March 2005 and 2004 respectively, all prepared by the Company and for which the Directors take full responsibility.

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular and other documents which have been provided to us by the Directors and for which they 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 intention made by the Directors in the Circular are reasonably made after due and careful enquiry.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have been advised by the Directors that no material facts have been omitted from the information provided and/or referred to in the Circular. 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 information of the Group as contained in the Circular. We have not conducted any independent investigation into the businesses and affairs of the Group, TBC and/or any of their respective directors, nor have we independently verified any of the information supplied to us.

The provision of the Bank Guarantee constitutes a connected transaction under the Listing Rules. In this regard, your attention is drawn to the section headed “The SGM” set out in the “Letter From The Board” in respect of the voting intention of Mr. Francis Cheung, and the fact that Mr. Fung and Mr. Wong will abstain from voting, at the SGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Information on the Company and TBC

The Company and its subsidiaries are principally involved in foundation piling, electrical and mechanical engineering and building construction, machinery leasing and trading, property investment, management and development. TBC is principally engaged in the provision of building construction works.

As set out in the “Letter From The Board”, TBC is owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by Mr. Wong. As each of Mr. Fung and Mr. Wong is a Director, the provision of Bank Guarantee constitutes a connected transaction under the Listing Rules.

The following breakdown in turnover of the Group for the year ended 31 March 2005 by activity is extracted from the Company’s annual report dated 8 July 2005:

	<i>(HK\$’000)</i>	<i>(in percentage)</i>
Foundation piling	429,086	63.49
E&M engineering and building construction	125,690	18.60
Property leasing, management and development	105,642	15.63
Machinery leasing and trading	<u>15,427</u>	<u>2.28</u>
	<u>675,845</u>	<u>100.00</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 March 2005, profit from operating activities of the Group was approximately HK\$21.6 million, of which approximately HK\$2.6 million was attributable to the building construction works and electrical and mechanical engineering as set out above. As at 31 March 2005, the Group's audited total assets and total liabilities were approximately HK\$1,847 million and HK\$606 million respectively. For the year ended 31 March 2005, total audited net loss attributable to Shareholders amounted to approximately HK\$12.5 million, which translated into a loss per Share of HK\$0.0165.

The Bank Guarantee

(A) Reasons for the Bank Guarantee

The Bank Guarantee is provided as security to enable TBC to obtain the Banking Facilities to support its businesses and operations, including but not limited to the establishment of documentary letter of credit, project financing requirements and issue of performance bonds. We also note that as set out above, for the year ended 31 March 2005, the combined turnover in electrical and mechanical engineering and building construction for the Group, the latter of which is the principal business of TBC, was approximately HK\$125.7 million, second only to turnover from foundation piling. Turnover of building construction alone under TBC accounted for a substantial portion of this HK\$125.7 million turnover. Directors are of the view that it is beneficial for TBC to make use of the Banking Facilities rather than other forms of financing, in order to enjoy lower funding costs charged by banking institutions.

TBC is an operating and a 50 per cent. owned subsidiary of the Company, principally engaged in the construction-related businesses and are trading under the corporate strength of the Company. Based on industry practice, we concur with the Directors' view set out in the "Letter From The Board" stating that it is common for lending banks to require a sole or joint and several corporate guarantees to be given by an ultimate listed holding company as such banks have relatively more confidence in the financial position of a listed company (as compared to pro-rata personal guarantee from an individual shareholder of a privately-owned company).

Mr. Wong and Mr. Fung together own 50% of the equity interest in TBC and they are key persons to the Group's building construction business. The Group looks to them for business development and profit-generation and to better achieve such objectives, leveraging business opportunities in the building construction business by bank loans is necessary and thus the need for the Company to provide the Bank Guarantee and to obtain the counter-indemnities from Mr. Wong and Mr. Fung.

Given the shareholding structure of TBC, our own enquiry with the Bank on its requirement of the Bank Guarantee and on the basis of industry practice, we believe the provision of Bank Guarantee in the manner as set out in this Circular is a common practice for local listed issuers. In view of the business activities and turnover of TBC, we consider the commercial rationale for the Banking Facilities to be sought, namely to facilitate the establishment of documentary letter of credit, project financing, and issue of bonds, to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(B) Terms, conditions and other issues of the Bank Guarantee

The Bank Guarantee is in favour of the Bank for the Banking Facilities extended to TBC, which shall be for an aggregate amount of HK\$45 million. The Company will not receive any fee, security or other form of remuneration from TBC or its minority shareholders, in connection with the provision of the Bank Guarantee. We are of the view that such arrangement is also in line with market practice amongst local listed issuers. Each of Mr. Fung and Mr. Wong, being the minority shareholders of TBC, has executed a pro-rata deed of counter-indemnity in favour of the Company in respect of the Bank Guarantee, with the scope of indemnity limited to their respective pro-rata equity interests in TBC and on an unsecured basis.

In the event of a default by TBC and should the entire amount of the Bank Guarantee be called on by the Bank, the Company would be obliged to firstly, settle such demand for repayment up to an aggregate amount of HK\$45 million together with interest accrued thereon (which may include default penalty rates that are higher than normal interest rates) and commissions, charges, costs and expenses of the Bank; and secondly, demand payment from each of Mr. Fung and Mr. Wong, the minority shareholders of TBC, claiming payment due (which if applicable, may include default interests, liabilities, losses, damages, costs, charges and expenses incurred by the Company) under such counter-indemnities executed by each of them in favour of the Company.

In light of the aforesaid, there may be legal proceedings and enforcement issues to be addressed should it become legally actionable by the Company, on the basis of these executed deeds of counter-indemnity, insofar as the Bank Guarantee is concerned. It could also be possible that Mr. Fung and/or Mr. Wong might not then have the financial resources to honour their respective obligations under the pro-rata deeds of counter-indemnity in favour of the Company in respect of the Bank Guarantee. The lack of financial resources to honour the obligation of an individual who has executed a deed of counter-indemnity if and when it is called upon is an inherent risk of such counter-indemnity as the financial position of the individual providing such counter-indemnity may change over time. The risk of non-recovery notwithstanding, it is obvious that the Company is better off with the said counter-indemnities than without.

We are of the opinion that the execution of the aforesaid deeds of counter-indemnity by the minority shareholders of TBC, namely Mr. Fung and Mr. Wong, is in the interests of the Company and its Shareholders as they provide possible recovery action to be undertaken by the Company, which depending on the level of success with such recovery action, would offset some or all of the losses suffered by the Company which exceeded its pro-rata equity interests in TBC. The Company would of course be adversely affected if such recovery action were unsuccessful or partially successful only.

(C) Financial highlights of TBC

As at 31 March 2005, the audited net assets of TBC were approximately HK\$19 million. TBC's unaudited management accounts show such net asset value had increased slightly, due to the net profits retained for the 6-month period ended 30 September 2005 and no interim dividends had been made. The said improvement in net assets value notwithstanding, we are of the view that TBC's balance sheet is still considered inadequate to support the Banking Facilities on its own, that is, without any recourse to the Company under the Bank Guarantee. Whilst it is perfectly understandable that as operating

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

subsidiary in construction-related businesses, TBC has no reason to maintain a large balance sheet, the aforesaid nevertheless illustrates the need for the provision of the Bank Guarantee. On the bases of the Group's audited turnover in electrical and mechanical engineering and building construction businesses, as set out above, was approximately HK\$125.7 million for the year ended 31 March 2005 and of which, turnover in building construction alone accounted for a substantial portion and our discussion with the Directors about TBC's operating needs in the near future, the Banking Facilities amount of HK\$45 million represents a reasonable line of credit on which TBC could conduct businesses.

The Company has had similar bank guarantee provided to another bank involving TBC, details of which are set out in its circular dated 2 August 2004. We have sought confirmation from the Directors and are advised by them that TBC had not defaulted on such bank indebtednesses and as such, none of the pro-rata counter-indemnities then provided was ever called upon.

(D) Financial effects of the Bank Guarantee

The provision of the Bank Guarantee will not have any material adverse impact on the Group, if TBC would not default on the Banking Facilities. The Company's contingent liabilities will be increased by HK\$45 million, and it should be noted that half portion of which is attributable to the pro-rata shareholdings held by the minority shareholders of TBC.

If a default of the Banking Facilities were to occur, the overall financial effects on the Group will to a large extent, be dependent on the outcome of the recovery actions to be undertaken by the Company, and in any event, the maximum exposure to the Company on a 100 per cent. basis and assuming maximum outstanding under the Banking Facility, would be limited to HK\$45 million together with interest accrued and commissions, charges, costs and expenses of the Bank. TBC, while 50 per cent. indirectly owned by the Company, is regarded as a subsidiary of the Company as it has control on the board composition of TBC via an intermediary holding company. Based on this default scenario, the Company would be adversely affected as it would then be required to take up 100 per cent. of the total liabilities accrued under the Guarantee, notwithstanding that its consolidated holding in the net assets of TBC would only be 50 per cent..

It should be noted that under this default scenario which resulted in the Bank Guarantee being called, the maximum liabilities crystallized which exceeded the Group's pro-rata equity interests in TBC would be approximately HK\$22.5 million.

RECOMMENDATION

Having considered the principal factors and reasons set out above and in particular:

- the principal business activities of TBC, and its operational needs for the Banking Facilities so that it may pursue business opportunities in the building construction sector, an important business of the Group;
- the execution of a deed of counter-indemnity in favour of the Company by each of Mr. Fung and Mr. Wong as minority shareholders in TBC; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- the provision of the Bank Guarantee is required by the Bank as a condition precedent,

we consider that the terms of the provision of the Bank Guarantee fair and reasonable in so far as the independent Shareholders are concerned and the provision of the Bank Guarantee is 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 ordinary resolution approving the provision of Bank Guarantee at the SGM.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company, including Mr. Fung and Mr. Wong (and their respective associates) in the equity or debt securities of the Company or its associated corporations (within the meaning 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 such the provisions of the SFO); or (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 to be notified to the Company and the Stock Exchange were as follows:

(i) Interests in Shares:

Name	Capacity	Number of Shares and nature of interest				Approximate percentage of shareholding
		Personal interests	Corporate interests	Other interests	Total interests	
Mr. Francis Cheung	Beneficial owner	35,820,600	—	—	—	—
	Interest of controlled corporations ⁽¹⁾	—	179,685,000 ⁽¹⁾	—	—	—
	Founder of discretionary trust ⁽²⁾	—	—	54,247,200 ⁽²⁾	269,752,800	35.3
Mr. Fung Chiu Chak, Victor	Beneficial owner	44,321,600	—	—	44,321,600	5.8
Mr. David Chien	Beneficial owner	98,021,020	—	—	98,021,020	12.8
Miss Jennifer Kwok	Beneficial owner	4,500,000	—	—	4,500,000	0.6
Mr. Chiu Chin Hung	Beneficial owner	1,646,000	—	—	1,646,000	0.2
Mr. Wong Kay	Beneficial owner	2,765,000	—	—	2,765,000	0.4
Mr. Tse Man Bun	Beneficial owner	442,000	—	—	442,000	0.1

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

Name	Capacity	Number of underlying Shares pursuant to share options granted	Date of grant	Exercisable period	Exercise price HK\$
Mr. Francis Cheung	Beneficial owner	37,500,000	26 March 2004	26 March 2004 to 31 March 2009	0.252
Mr. Fung Chiu Chak, Victor	Beneficial owner	10,000,000	3 March 2003 ⁽³⁾	28 March 2003 to 31 March 2006	0.150
Miss Jennifer Kwok	Beneficial owner	12,000,000	3 March 2003 ⁽³⁾	28 March 2003 to 31 March 2006	0.150
Mr. Chiu Chin Hung	Beneficial owner	5,000,000	3 March 2003 ⁽³⁾	28 March 2003 to 31 March 2006	0.150
Mr. Wong Kay	Beneficial owner	8,000,000	3 March 2003 ⁽³⁾	28 March 2003 to 31 March 2006	0.150
		72,500,000			

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

Name	Capacity	Name of associated corporations	Number of ordinary shares and nature of interest			Approximate percentage of Shareholding
			Personal interests	Corporate interests	Total Interests	
Mr. Fung Chiu Chak, Victor	Beneficial owner	Tysan Building Construction Company Limited	3,570,000	—	3,570,000	35
	Beneficial owner	Tysan Engineering Company Limited	800	—	800	8
	Beneficial owner	Tysan Trading Company Limited	20	—	20	20
Miss Jennifer Kwok	Interest of controlled corporation ⁽⁴⁾	Tysan Trading Company Limited	—	20 ⁽⁴⁾	20	20
Mr. Wong Kay	Beneficial owner	Tysan Building Construction Company Limited	1,530,000	—	1,530,000	15
	Beneficial owner	Tysan Engineering Company Limited	2,200	—	2,200	22

Notes:

(1) 171,237,000 Shares were held by Power Link Investments Limited and 8,448,000 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) Each grantee is allowed to exercise up to 60 per cent. of the share options granted for the period from 1 April 2004 up to and including 31 March 2005, and further to 100 per cent. for the period from 1 April 2005 up to and including 31 March 2006.
- (4) These Shares were held by JM Concept Company Limited which was controlled by Miss Jennifer Kwok.
- (5) All interests stated above represented long positions.

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 Companies to be notified to the Company and the Stock Exchange.

(b) 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, other than the interests and short positions of the Directors or chief executives of the Company as disclosed above, 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 5 per cent. 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	Capacity	Number of shares held	Percentage of the issued share capital
Power Link Investments Limited ⁽¹⁾	Interest of controlled corporation	171,237,000	22.38
Eastern Glory Development Limited ⁽²⁾	Interest of controlled corporation	171,237,000	22.38
Goldcrest Enterprises Limited ⁽²⁾	Interest of controlled corporation	171,237,000	22.38
Bofield Holdings Limited ⁽²⁾	Interest of controlled corporation	171,237,000	22.38
Teddy Chien	Beneficial owner	41,034,399	5.36
Enid Jean Chien	Beneficial owner	40,180,000	5.25
Liu Chong Hing Bank Limited ⁽³⁾	Custodian Corporation	40,500,000	5.29

Notes:

- (1) The above interest of Power Link Investments Limited has also been disclosed as corporate interest of Mr. Francis Cheung in the section headed “Interests and short positions of the Directors in the Company and its associated corporations” above.
- (2) These parties were deemed to have interests in 171,237,000 shares by virtue of their equity interests in Power Link Investments Limited.
- (3) Such shares were held by Liu Chong Hing Bank Limited in the capacity as a custodian.
- (4) All interests stated above represented long positions.

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 5 per cent. 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.

(c) Directors’ interests in assets

As at the Latest Practicable Date, save as disclosed herein in this circular, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries since 31 March 2005, the date to which the latest published audited consolidated financial statements of the Group were made up.

(d) Directors’ interests in material contracts

As at the Latest Practicable Date, save as disclosed herein in this circular, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group.

4. LITIGATION

As 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 by or against any member of the Group.

5. 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 2005, the date to which the latest published audited accounts of the Group were made up.

6. PROFESSIONAL QUALIFICATION AND CONSENT

- (a) The Independent Financial Adviser is a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6, 9 of the regulated activities as defined in the SFO.
- (b) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters (if any) and the reference to its name in the form and context in which they respectively appear.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser was not interested beneficially or non-beneficially in any Shares or any of its subsidiaries or associated corporations or any right or option to subscribe for or nominate persons to subscribe for any Shares or any of its subsidiaries or associated corporations.

7. PROCEDURE TO DEMAND A POLL AT THE SPECIAL GENERAL MEETING

Bye-law 66 of the Company provides that at any general meeting, a poll can be demanded in the following circumstances:

- (a) by the chairman of the relevant meeting; or
- (b) by at least 3 Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) 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.

A demand by a person as proxy for a Shareholder shall be deemed to be the same as a demand by the Shareholder concerned.

8. GENERAL

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong during normal business hours up to and including 11 January, 2006 and at the SGM:

- (a) 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 8 to 13 of this circular;
- (b) the written consent from the Independent Financial Adviser referred to in paragraph 6 of this appendix;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 7 of this circular; and
- (d) the Bank Guarantee.



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 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong on Wednesday, 11 January 2006 at 10:00 a.m. for the purpose of considering, if thought fit, passing the resolution as set out below:

ORDINARY RESOLUTION

“**THAT** a corporate guarantee for HK\$45 million executed by the Company in favour of a bank for banking facilities in the aggregate sum of HK\$45 million made or to be made available to Tysan Building Construction Company Limited (a 50 per cent. indirectly owned subsidiary of the Company) in order to obtain banking facilities for Tysan Building Construction Company Limited, be and is hereby approved, ratified and confirmed, and that any one of the Directors 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 do or cause in order to be done all such acts and things which, in his/her opinion, may be necessary, desirable or expedient to carry into effect the transactions therein contemplated and all other matters in relation thereto or in connection therewith, and that all acts of the Directors or any of them in respect of or arising from the above be and are hereby ratified.”

By order of the Board
TYSAN HOLDINGS LIMITED
Francis Cheung
Chairman

Hong Kong, 12 December 2005

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

6th Floor, Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

NOTICE OF SGM

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 proxy to attend and vote instead of him. 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 notarially certified copy of that power of attorney or authority, must be deposited with the Hong Kong branch share registrar of the Company, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, 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 adjourned thereof should they so wish.
5. The ordinary resolution as set out above will be determined by way of a poll.
6. Mr. Fung Chiu Chak, Victor, Mr. Wong Kay and other shareholders of TBC and their respective associates will abstain from voting on the above ordinary resolution at the meeting.