

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 the transferee.

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TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

CONNECTED TRANSACTION Provision of Bank Guarantee

Financial Adviser to the Company



Horwath Capital Asia Limited

Independent Financial Adviser to the Independent Board Committee



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 Centurion containing its advice to the Independent Board Committee is set out on pages 8 to 12 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, 18 August 2004 is set out on page 18 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, BEA 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 made available to TBC and TEHK as described in the paragraph headed “The Bank Guarantee” under the section headed “Letter from the Board”
“Banking Facilities”	HK\$30 million revolving project finance facility and letter of guarantee, and HK\$5 million revolving trade financing facilities, to be available for use by TBC and TEHK
“Board”	the board of Directors
“Centurion”	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
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors 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 and Chau Cham Son
“Latest Practicable Date”	30 July 2004, 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

“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong
“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 consider and, if thought fit, approve the provision of the Bank Guarantee
“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 an independent third party not otherwise related with the Company
“TE”	Tysan Engineering Company Limited, a company owned as to 70 per cent. by the Company, 8 per cent. by Mr. Fung, 17 per cent. by Mr. Wong and 5 per cent. by an independent third party not otherwise related with the Company
“TEHK”	Tysan Engineering (HK) Company Limited, a wholly-owned subsidiary of TE
“US\$”	United States dollars, the lawful currency of the United States of America



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

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

2 August 2004

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

Dear Sirs,

CONNECTED TRANSACTION Provision of Bank Guarantee

I. INTRODUCTION

The Board announced that on 8 July 2004, the Company has provided a guarantee in favour of the Bank in order to obtain banking facilities for TBC and TEHK, 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 an independent third party. TEHK is a wholly-owned subsidiary of TE, which is owned as to 70 per cent. by the Company, 17 per cent. by Mr. Wong, 8 per cent. by Mr. Fung and 5 per cent. by an independent third party. As both Mr. Fung and Mr. Wong are Directors, TBC and TEHK are connected persons of the Company and the provision of the Bank Guarantee by the Company constitutes a connected transaction and is subject to the disclosure requirements and approval by independent Shareholders pursuant to the Listing Rules.

LETTER FROM THE BOARD

II. CONNECTED TRANSACTION

The Bank Guarantee

Borrowers: TBC and TEHK

Lender: the Bank

Guarantor: the Company

Banking facilities: HK\$30 million revolving project finance facility and letter of guarantee, and HK\$5 million revolving trade financing facilities, to be available for use by TBC and TEHK

The Banking Facilities of HK\$35 million will be available for use by TBC and TEHK, subject to independent Shareholders' approval. 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 Bank Guarantee is limited to HK\$35 million with compound interest thereon at a rate to be charged by the Bank.

Each of the other shareholders of TBC and TE (which owns 100 per cent. equity interest in TEHK) has provided 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 and TE. The Company will neither provide nor receive any fee, security or other form of remuneration to or from TBC and TEHK or the other shareholders of TBC or TE in respect of the Bank Guarantee.

Reasons and benefits of the Bank Guarantee

The Bank Guarantee is provided as security to enable TBC and TEHK 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 prevailing low interest rates environment, the Directors are of the view that it is beneficial for TBC and TEHK to make use of banking facilities rather than other forms of financing such as equity or shareholders' loans in order to enjoy lower funding costs.

The Directors are of the view that the interest rates and terms of the Banking Facilities above 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 more confident in the financial position of the listed company and therefore consider it to be a better security for their banking facilities. Furthermore, a guarantee on several bases (instead of on a joint and several bases) is usually not acceptable to banks.

LETTER FROM THE BOARD

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 interest of the Company and its Shareholders as a whole.

Listing Rules Implications

TBC is owned as to 50 per cent. by the Company, 35 per cent. by Mr. Fung and 15 per cent. by an independent third party. TEHK is owned indirectly as to 70 per cent. by the Company, 17 per cent. by Mr. Wong, 8 per cent. by Mr. Fung and 5 per cent. by an independent third party. Both Mr. Fung and Mr. Wong are Directors and therefore, both TBC and TEHK are connected persons of the Company under Rule 14A.11 of the Listing Rules. The provision of the Bank Guarantee by the Company to connected persons constitutes a connected transaction. As the amount involved in the Bank Guarantee exceeds HK\$10 million, the provision of the Bank Guarantee is subject to the disclosure requirements and approval by independent Shareholders pursuant to Rule 14A.63 of the Listing Rules. The Company will seek the approval by the independent Shareholders by way of a poll at the SGM.

III. THE SGM

The SGM will be held at 10:00 a.m. on 18 August 2004 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. The notice of the SGM is set out on page 18 of this circular. Mr. Fung, Mr. Wong and other shareholders of TBC and TE and their respective associates will abstain from voting on the ordinary resolution in the SGM. Mr. Francis Cheung, the controlling Shareholder holding about 35.26 per cent. of the equity interests in the Company, has confirmed that he will vote for the ordinary resolution in 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, BEA 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

LETTER FROM THE BOARD

received from Centurion which contains, among other matters, its advice and recommendation to the Independent Board Committee in relation to the provision of the Bank Guarantee and the principal factors and reasons considered by it in concluding its advice. The letter from Centurion is set out on pages 8 to 12 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)

To the independent Shareholders

2 August 2004

Dear Sirs,

CONNECTED TRANSACTION
Provision of Bank Guarantee

We refer to the circular to the Shareholders dated 2 August 2004 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter 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 and to advise the independent Shareholders in connection with the approval of the provision of the Bank Guarantee 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 Centurion as set out on pages 8 to 12 of the Circular.

Having considered, among other matters, the principal factors and reasons considered by, and the opinion of Centurion 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 Group 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 18 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

LETTER FROM CENTURION

The following is the text of the letter of advice to the Independent Board Committee from Centurion dated 2 August 2004 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

香港中環
威靈頓街14 - 24號
威靈頓公爵大廈7樓

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

2 August 2004

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

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 corporate guarantee by the Company on a 100 per cent. basis with respect to banking facilities made available to TBC and TEHK (the "Bank Guarantee"), each of which is an indirect non wholly-owned subsidiary of the Company, details of which are set out in the circular dated 2 August 2004 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 page 3 to page 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, TBC and TEHK, we have relied principally on their respective audited consolidated accounts as at 31 March 2004 and 2003 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.

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

LETTER FROM CENTURION

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 TEHK 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, TBC AND TEHK

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 and the principal business of TEHK is the provision of electrical and mechanical engineering 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 an independent third party. TE, the intermediate holding company holding 100 per cent equity interest in TEHK, is owned as to 70 per cent. by the Company, 17 per cent. by Mr. Wong, 8 per cent. by Mr. Fung and 5 per cent. by an independent third party. As each of Mr. Wong and Mr. Fung 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 2004 by activity is extracted from the Company’s annual report dated 8 July 2004:

	<i>(HK\$’000)</i>	<i>(in percentage)</i>
Foundation piling	380,929	54.22
E&M engineering and building construction	204,952	29.17
Property leasing, management and development	101,342	14.42
Machinery leasing and trading	15,369	2.19
	<u>702,592</u>	<u>100.00</u>

For the year ended 31 March 2004, profit from operating activities of the Group was approximately HK\$84.1 million, of which approximately HK\$4.3 million was attributable to the electrical and mechanical engineering and building construction works as set out above. As at 31

LETTER FROM CENTURION

March 2004, the Group's audited total assets and total liabilities were approximately HK\$1,776 million and HK\$542 million respectively. For the year ended 31 March 2004, total audited net profit attributable to Shareholders amounted to approximately HK\$15.9 million, which translated into an earnings per Share of HK\$0.0213 (on a diluted basis).

THE BANK GUARANTEE

(A) Reasons for the Bank Guarantee

The Bank Guarantee is provided as security to enable TBC and TEHK to obtain the Banking Facilities to support their respective businesses and operations, such as establishment of documentary letter of credit for trade financing purpose, project financing requirements and issue of performance bonds. We also note that as set out above, for the year ended 31 March 2004, the combined turnover in electrical and mechanical engineering and building construction for the Group was approximately HK\$205 million, second only to turnover from foundation piling. Directors are of the view that it is beneficial for TBC and TEHK to make use of the Banking Facilities rather than other forms of financing, in order to enjoy the current low interest rates charged by banking institutions.

Both TBC and TEHK are operating and non wholly-owned subsidiaries of the Company, principally engaged in the construction-related businesses (including electrical and mechanical engineering) 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 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).

Given the shareholding structure of each of TBC and TEHK and on the basis of industry practice, we believe the provision of Bank Guarantee in the manner as set out in this Circular is not uncommon. In view of the business activities of TBC and TEHK, we consider the commercial rationale for such banking facilities to be sought, namely to facilitate the trade financing and project financing needs of both TBC and TEHK, to be fair and reasonable.

(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 and TEHK which shall be for an aggregate amount of HK\$35 million. The Company will neither provide nor receive any fee or other form of remuneration to, or from, TBC and TEHK or their respective 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. Each of the other minority shareholders of TBC and TE (which owns 100 per cent. equity interest in TEHK) 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.

LETTER FROM CENTURION

In the event of a default by either TBC and/or TEHK 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\$35 million with compound interest thereon (which may include default penalty rates that are higher than normal interest rates); and secondly, demand payment from each of the minority shareholders of TBC and TEHK claiming payment due (which if applicable, include among other things, default interests) 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.

We are of the opinion that the execution of the aforesaid deeds of counter-indemnity by the minority shareholders in each of TBC and TEHK 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 each of TBC and TEHK.

(C) Financial highlights of TBC and TEHK

As at 31 March 2004, the combined audited net assets of TBC and TEHK were approximately HK\$33.1 million. Whilst it is perfectly understandable that as operating subsidiaries in construction-related businesses, each of TBC and TEHK has no reason to maintain a large balance sheet, it nevertheless illustrates the need for the provision of the Bank Guarantee. On the basis of the Group's audited turnover in electrical and mechanical engineering and building construction businesses was approximately HK\$205 million for the year ended 31 March 2004, the Banking Facilities amount of HK\$35 million represents a reasonable line of credit on which both TBC and TEHK could conduct businesses.

The Company has had similar bank guarantee provided to other banks involving TBC and TEHK, details of which are set out in its circular dated 4 February 2003. We have sought confirmation from the Directors and are advised by them that neither TBC nor TEHK has defaulted on such bank indebtednesses and as such, none of the pro-rata counter-indemnities then provided by Mr. Wong and Mr. Fung was ever called.

(D) Pro-forma financial effects of the Bank Guarantee

The provision of the Bank Guarantee will not have any material adverse impact on the Group, if neither TBC nor TEHK would default on the Banking Facilities. The Company's contingent liabilities will be increased by HK\$35 million, and it should be noted that a portion of which is attributable to the pro-rata shareholdings held by the minority shareholders of TBC and TEHK.

LETTER FROM CENTURION

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\$35 million together with interest accrued. 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 and TEHK would be approximately HK\$17.5 million.

RECOMMENDATION

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

- the principal business activities of TBC and TEHK, and their respective operational needs for the Banking Facilities;
- the execution of a deed of counter-indemnity in favour of the Company by each of Mr. Fung, Mr. Wong and the independent third party as a minority shareholder in TBC and indirectly, in TEHK; and
- the Provision of Bank Guarantee is required by the Bank and is a means of providing assistance to each of TBC and TEHK so that they may pursue business opportunities in the electrical and mechanical engineering and building construction sector, the combined turnover of which was approximately HK\$205 million for the year ended 31 March 2004, second only to turnover from foundation piling,

we consider that the terms of the provision of the Bank Guarantee fair and reasonable in so far as the independent Shareholders are concerned. 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 and short positions of the Directors in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company 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 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			
	Personal interests	Corporate interests	Other interests	Total interests
Mr. Francis Cheung	35,820,600	179,685,000 ⁽¹⁾	54,247,200 ⁽²⁾	269,752,800
Mr. Fung Chiu Chak, Victor	43,865,600	—	—	43,865,600
Mr. David Chien	98,021,020	—	—	98,021,020
Miss. Jennifer Kwok	4,500,000	—	—	4,500,000
Mr. Chiu Chin Hung	1,646,000	—	—	1,646,000
Mr. Wong Kay	2,765,000	—	—	2,765,000

(ii) **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	3,570,000	—	3,570,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	—	20 ⁽³⁾	20
Mr. Wong Kay	Tysan Engineering Company Limited	1,700	—	1,700

(iii) **Interests in share options granted by the Company**

Name	Number of underlying Shares granted pursuant to share options	Date of grant	Exercise period	Exercise price HK\$
Mr. Francis Cheung	37,500,000	26 March 2004	26 March 2004 to 31 March 2009	0.252
Mr. Fung Chiu Chak, Victor	10,000,000	3 March 2003 ⁽⁴⁾	28 March 2003 to 31 March 2006	0.150
Miss Jennifer Kwok	12,000,000	3 March 2003 ⁽⁴⁾	28 March 2003 to 31 March 2006	0.150
Mr. Chiu Chin Hung	5,000,000	3 March 2003 ⁽⁴⁾	28 March 2003 to 31 March 2006	0.150
Mr. Wong Kay	<u>8,000,000</u>	3 March 2003 ⁽⁴⁾	28 March 2003 to 31 March 2006	0.150
	<u>72,500,000</u>			

Notes:

- 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.
- Such Shares were held by a discretionary trust, the founder of which is Mr. Francis Cheung.
- These Shares were held by JM Concept Company Limited which was controlled by Miss Jennifer Kwok.
- 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.

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 had been 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 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	Number of Shares held	Percentage of the issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	22.38
Eastern Glory Development Limited ⁽²⁾	171,237,000	22.38
Goldcrest Enterprises Limited ⁽²⁾	171,237,000	22.38
Bofield Holdings Limited ⁽²⁾	171,237,000	22.38
Teddy Chien	41,034,399	5.36
Enid Jean Chien	40,180,000	5.25
Liu Chong Hing Bank Limited ⁽³⁾	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.

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 in any options in respect of such share capital.

(c) Directors' interests in assets

On 8 July 2004, Great Regent Investments Limited, a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Land Smart Development Limited, a company which is owned as to 50 per cent. by Mr. David Chien, a Director, in relation to the lease of an office premises in Shanghai, PRC. The details of the said lease were announced on 12 July 2004.

Save as disclosed herein above, as at the Latest Practicable Date, 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 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

(d) Directors' interests in material contracts

Save as disclosed herein above, as at the Latest Practicable Date, 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 the Group.

4. 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 2004, the date to which the latest published audited accounts of the Group were made up.

5. PROFESSIONAL QUALIFICATION AND CONSENT

- (a) Horwath Capital Asia Limited is a corporation deemed licenced to carry out type 6 regulated activity under the SFO.
- (b) Centurion 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.
- (c) Horwath Capital Asia Limited and Centurion have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their letters (if any) and the reference to their names in the form and context in which they respectively appear.
- (d) As at the Latest Practicable Date, none of Horwath Capital Asia Limited and Centurion was 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.

6. 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.

7. GENERAL

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

8. 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 18 August 2004 and at the SGM:

- (a) the letter of advice from Centurion to the Independent Board Committee, the text of which is set out on pages 8 to 12 of this circular;
- (b) the written consents from Horwath Capital Asia Limited and Centurion referred to in paragraph 5 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, 18 August 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolution as set out below:

ORDINARY RESOLUTION

“THAT a corporate guarantee for HK\$35 million executed by the Company in favour of a bank for banking facilities in the aggregate sum of HK\$35 million made available to Tysan Building Construction Company Limited (a company owned as to 50 per cent. by the Company) and Tysan Engineering (HK) Company Limited (a wholly-owned subsidiary of Tysan Engineering Company Limited, a company owned as to 70 per cent. by the Company), in order to obtain banking facilities for Tysan Building Construction Company Limited and Tysan Engineering (HK) Company Limited which are owned as to 50 per cent. and 70 per cent. by the Company respectively, be and is hereby approved, 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 hand and/or under the seal of the Company 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 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, 2 August 2004

*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 authorised, the authorisation 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, BEA 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 adjournment 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 TE and their respective associates will abstain from voting on the above ordinary resolution at the meeting.



TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

FORM OF PROXY

Form of proxy for use by Shareholders at the Special General Meeting (“Meeting”) to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong on Wednesday, on 18 August 2004 at 10:00 a.m..

I/We (*Note a*) _____

of _____

being the registered holder(s) of _____ ordinary shares (*Note b*) of HK\$0.10 each in the capital of TYSAN HOLDINGS LIMITED (the “Company”), hereby appoint the Chairman

of the Meeting or (*Note c*) _____

of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the Meeting of the Company to be held at 6th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong on Wednesday, on 18 August 2004 at 10:00 a.m. and at any adjournment thereof on the undermentioned resolution (*Note d*) as indicated and if no such indication is given as my/our proxy thinks fit:

ORDINARY RESOLUTION	FOR (<i>Note d</i>)	AGAINST (<i>Note d</i>)
To approve the provision of the Bank Guarantee		

Signature _____

Dated _____

Notes:

- (a) Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- (b) Please insert the number of shares of HK\$0.10 each registered in your name(s). If no number is inserted, the form of proxy will be deemed to relate to all of the shares of the Company registered in your name(s).
- (c) If any proxy other than the Chairman is preferred, strike out “**THE CHAIRMAN OF THE MEETING or**” here and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS PROXY FORM MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
- (d) **IMPORTANT: IF YOU WISH TO VOTE FOR ANY RESOLUTION, TICK THE BOX MARKED “FOR” BESIDE THE APPROPRIATE RESOLUTION. IF YOU WISH TO VOTE AGAINST ANY RESOLUTION, TICK THE BOX MARKED “AGAINST” BESIDE THE APPROPRIATE RESOLUTION.** Failure to complete any or all boxes will entitle your proxy to cast his votes on the relevant resolution at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than those referred to in the notice convening the Meeting.
- (e) Under the Company’s Bye-Laws, a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is properly demanded; and on a show of hands, every member present in person or (being a corporation) by duly authorised representative shall have one vote. **AS THE CHAIRMAN IS ONLY ABLE TO EXERCISE ONE VOTE ON A SHOW OF HANDS, HE WILL USE THE VOTE FOR THOSE MEMBERS WHO WISH TO VOTE FOR ANY OR ALL OF THE RESOLUTIONS PUT TO THE MEETING. IF YOU WISH TO VOTE AGAINST ANY OR ALL OF THE RESOLUTIONS PUT TO THE MEETING, YOU MUST APPOINT A PERSON OTHER THAN THE CHAIRMAN OF THE MEETING TO ACT AS YOUR PROXY.**
- (f) This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation must be either under its common seal or under the hand of an officer or attorney duly authorised.
- (g) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (h) To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy thereof, must be deposited at the Company’s branch registrar in Hong Kong, Tengis Limited at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong not less than 48 hours before the time for holding the Meeting or any adjournment thereof.
- (i) A proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- (j) Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting should you so wish.