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## **TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 687)**

### **SUPPLEMENTAL ANNOUNCEMENT ON POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **POTENTIAL ACQUISITION OF EQUITY INTEREST FROM A SUBSIDIARY'S SUBSTANTIAL SHAREHOLDER**

Reference is made to the announcement of the Company dated 22 June 2010 in relation to, inter alia, the Potential Acquisition (the “**Announcement**”). The defined terms used in this announcement, unless otherwise specified or required in the context, shall have the same meanings as those defined in the Announcement.

This announcement is made to the purpose and intent that further information in relation to the Potential Acquisition is hereby given to the Shareholders.

#### **FURTHER INFORMATION IN RELATION TO THE POTENTIAL ACQUISITION**

As stated in the Announcement, it is one of the Conditions Precedent of the Disposal that the Potential Acquisition shall have been completed by Consco, that is, Consco (or its nominee) shall have acquired the Remaining Equity Interest free from encumbrances such that Consco (or its nominee) shall become the sole owner of the entire registered capital of TIBC with the necessary approval of the relevant authorities.

It is therefore necessary for the Group, through Consco (or its nominee), to complete the Potential Acquisition of the Remaining Equity Interest in order to put through the Disposal. Further details in relation to the Potential Acquisition are set out in the following paragraphs.

## **The PRC authority concerned**

The Potential Acquisition would be effected through TPRE. TPRE is an authority under the Tianjin Municipal People's Government and whose business includes, inter alia, transfers of national and international property rights of all kinds of enterprises including real assets, equities, debts and intellectual property rights. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TPRE is an independent third party.

## **The Listing Notice**

By the Listing Notice, the Remaining Equity Interest was listed at the Listing Price inviting Intended Purchasers to submit a Notice of Intention within the Listing Period, during which the Notice(s) of Intention submitted and the qualification of the Intended Purchaser would be examined by TPRE or a committee set up by TPRE.

If at the expiry of the Listing Period, there shall be more than one Qualified Intended Purchaser, the Potential Acquisition would be effected by way of the Auction such that auction bids would be submitted by the Qualified Intended Purchasers during the Auction Period, and the highest auction bid from a Qualified Intended Purchaser would be entitled to acquire the Remaining Equity Interest at the amount of the auction bid concerned.

However, in the event that there shall be only one Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction, the Remaining Equity Interest could be sold by TCE to the Qualified Intended Purchaser concerned subject to such terms and conditions as may be agreed upon between TCE and the Qualified Intended Purchaser concerned, including the Agreed Price, and if so the process of the Auction may not be necessary.

## **Qualified Intended Purchaser**

In order to be a Qualified Intended Purchaser, apart from the submission of a Notice of Intention to TPRE within the Listing Period, the Intended Purchaser should also satisfy the following conditions or qualifications set out in the Listing Notice:

1. Being an enterprise (inclusive of enterprises incorporated in Hong Kong, Macau and Taiwan) having the experience in investment and management of high class serviced apartment and office premises in Tianjin City of the PRC for more than 20 years.
2. Upon its qualifications being ascertained by TPRE or its committee, the Intended Purchaser shall have in accordance with the rules and regulations of TPRE, paid the sum of RMB 28.56 million (representing 20% of the Listing Price of the Remaining Equity Interest) as the Guarantee Payment.

3. Within 3 working days after the signing of the Acquisition Agreement, the Qualified Intended Purchaser shall pay up all balance for the purchase of the Remaining Equity Interest to the account specified by TPPE.

### **The Notice of Intention and payment of the Guarantee Payment**

Consco has accordingly submitted a Notice of Intention to the TPPE on 19 July 2010 and, upon its Notice of Intention having been examined and its qualifications ascertained and approved by TPPE, will make the prescribed payment of the Guarantee Payment in the sum of RMB28.56 million upon being notified by TPPE. At the date of this announcement, Consco has not yet been so notified by TPPE to make payment of the Guarantee Payment. Consco is capable of becoming a Qualified Intended Purchaser subject to fulfilling the second and third conditions abovementioned.

Pursuant to the prevailing rules and regulations governing disposal of state-owned assets by way of auction, if the Auction shall be conducted and if the Auction Bid is successful, the Guarantee Payment will be applied as part payment of the amount of the Auction Bid, while if the Auction Bid is not successful, the Guarantee Payment will be refunded to the Group without interest. In the event of default by Consco, TPPE shall have the right to forfeit the Guarantee Payment by Consco.

As at the date of this announcement, Consco has not yet been informed by TPPE whether there are any and if so how many Qualified Intended Purchasers and accordingly it is not yet known whether the Auction would be conducted and if so, the commencement and expiry of the Auction Period.

### **The Acquisition Mandate**

The Company intends to seek the Shareholder's prior approval of the Potential Acquisition and the Acquisition Mandate before completion of the Potential Acquisition provided that the Acquisition Price (as represented by the Auction Bid or the Agreed Price, as the case may be) shall not exceed the Acquisition Mandate.

The Acquisition Mandate represents the mandate sought to be granted by the Shareholders to the Directors up to which the Directors can make the Auction Bid or otherwise come to an agreement with TCE in respect of the Agreed Price for the Potential Acquisition. It represents the maximum amount (inclusive of a certain margin over the intended Auction Bid to be made by Consco) which the Directors are, at this stage and with the information available, willing to consider paying for the Remaining Equity Interest, taking into consideration, inter alia, such matters as the amount receivable by the Group out of the Disposal Consideration and the gain intended or expected to be accrued to the Group as a result of the Potential Acquisition and the subsequent Disposal.

The Directors consider that the Acquisition Mandate is fair and reasonable having taken into consideration the assets and liabilities of TIBC and Consco, the fair value that should be ascribed to the Remaining Equity Interest, and the financial benefits to the Group from or arising from the Disposal (for which the Potential Acquisition is one of the Conditions Precedent) if the Disposal can be materialized.

### **The Acquisition Agreement**

If Consco shall become the Successful Intended Purchaser, Consco (or its nominee) and TCE and/or the PRC authorities concerned will enter into the Acquisition Agreement.

### **GENERAL**

Upon completion of the Potential Acquisition, Consco's shareholding in TIBC shall increase from 80% to 100% and TIBC shall then become a wholly-owned subsidiary of Consco so as to enable the Disposal to take place.

It should be noted that in contrast to the Disposal Agreement which is made conditional on, inter alia, that the Company shall have obtained the approval of the Shareholders as may be required under the Listing Rules in respect of the Disposal Agreement and the transactions contemplated thereunder, in relation to the Potential Acquisition and by reason of the unique nature of the transaction concerned involving the Auction, if Consco shall have submitted the Auction Bid and become the Successful Intended Purchaser, it will thereupon become unconditionally obliged to acquire the Remaining Equity Interest at the amount of the Auction Bid, and it will not be able then to enter into an Acquisition Agreement with TCE which is made conditional on the prior approval of the Shareholders, and in the event that at the subsequent SGM the Proposed Resolutions are not passed by the Shareholders, the Group may be put to unnecessary loss (such as the forfeiture of its Guarantee Payment or any part thereof) arising from its not being able to put into effect the Potential Acquisition while it is unconditionally obliged to do so.

Accordingly, in relation to the Potential Acquisition, the Company intends to seek the Shareholders' prior approval through the Proposed Resolutions to approve, inter alia, the Potential Acquisition and the Acquisition Mandate in advance of the submission of the Auction Bid by Consco or the entering into of the Acquisition Agreement, as the case may be.

Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is

impossible for the Company to issue such an announcement in accordance with Rule 14.34 of the Listing Rules until after the execution of the Acquisition Agreement by which the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in connection with the Potential Acquisition.

A circular containing, among others, (i) further information on the Potential Acquisition; (ii) the valuation report(s) on the Property; (iii) a notice of the SGM to be convened to consider, and if thought fit, to approve the Disposal Agreement and all transactions contemplated thereunder, as well as the Potential Acquisition, and to grant the Directors the Acquisition Mandate; and (iv) other information required under the Listing Rules will be dispatched to the Shareholders as soon as is practicable.

A further announcement containing the information regarding, inter alia, whether or not Consco is the Successful Intended Purchaser, and if so, the Acquisition Price, and the date of the Acquisition Agreement etc. will be made by the Company as soon as is practicable.

As no Shareholder has a material interest in the Potential Acquisition, no Shareholder will be required to abstain from voting at the SGM in respect of the Proposed Resolutions approving of, inter alia, the Potential Acquisition and the Acquisition Mandate.

As, subject to the aforesaid conditions and other circumstances relating to the Auction and the Shareholders' approval of the Disposal and the Potential Acquisition (inclusive of the Acquisition Mandate) at the SGM, the Disposal and the Potential Acquisition may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings :-

- “Acquisition Price” in relation to the Potential Acquisition, the price at which, depending on the circumstances, that Consco may acquire the Remaining Equity Interest from TCE, being either the amount of the Auction Bid (in the event that there are two or more Qualified Intended Purchasers, and that the Auction Bid is the highest bid submitted during the Auction), or the Agreed Price (in the event that Consco shall be the only Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction)
- “Acquisition Mandate” in relation to the Potential Acquisition, the mandate sought to be granted by the Shareholders to the Directors through the Proposed Resolutions whereby the Directors are authorized to effect the Potential Acquisition at the Acquisition Price as may be deemed appropriate by the Directors provided that the same shall not exceed HK\$180 million
- “Agreed Price” in relation to the Potential Acquisition, in the event that Consco shall be the only Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction, such price, not exceeding the Acquisition Mandate, as may be agreed between Consco and TCE for the acquisition of the Remaining Equity Interest
- “Auction Period” in relation to the Potential Acquisition, following expiry of the Listing Period, and in the event that there shall be more than one Qualified Intended Purchaser, the period to be specified by the TPRES during which auction bids for the Remaining Equity Interest may be submitted by the Qualified Intended Purchasers

“Guarantee Payment”	in relation to the Potential Acquisition, the guarantee payment or initial deposit that must be paid by an Intended Purchaser as one of the prescribed conditions before the Intended Purchaser concerned can become a Qualified Intended Purchaser
“Letter of Confirmation”	in relation to the Potential Acquisition, in the event that Consco (or its nominee) shall become the Successful Intended Purchaser, the letter of confirmation or other document to be issued by TPRE, or other PRC authorities concerned, in favour of Consco (or its nominee) confirming to the effect that Consco (or its nominee) shall have the right to acquire the Remaining Equity Interest from TCE
“Listing Notice”	in relation to the Potential Acquisition, the notice whereby the Remaining Equity Interest was listed by TCE on 25 June 2010 for Intended Purchasers to submit a Notice of Intention within the Listing Period
“Listing Period”	in relation to the Potential Acquisition, the time period from 25 June 2010 to 22 July 2010, both dates inclusive, during which an Intended Purchaser may submit to the TPRE or other relevant authorities a Notice of Intention
“Listing Price”	in relation to the Potential Acquisition, RMB 142.8 million, being the price at which the Remaining Equity Interest was listed in the Listing Notice inviting Notices of Intention to be submitted by the Intended Purchasers for the purchase of the Remaining Equity Interest
“Notice of Intention”	in relation to the Potential Acquisition, a notice to be submitted by an Intended Purchaser within the Listing Period expressing its intention to acquire the Remaining Equity Interest and setting out therein and/or submitting therewith the relevant and prescribed information and documents of or regarding the Intended Purchaser concerned for the relevant authorities to ascertain whether or not the Intended Purchaser concerned can become a Qualified Intended Purchaser

“Potential Acquisition”	the potential acquisition by Consco (or its nominee) of the Remaining Equity Interest free from incumbrances such that Consco shall become the sole owner of the entire registered capital of TIBC
“Qualified Intended Purchaser”	in relation to the Potential Acquisition, an Intended Purchaser who has submitted a Notice of Intention during the Listing Period and who in all other respects qualifies all the prescribed conditions set out for the Intended Purchasers in the Listing Notice, including, without limitation, payment of the Guarantee Payment
“Successful Intended Purchaser”	in relation to the Potential Acquisition, the Qualified Intended Purchaser who is either the sole Qualified Intended Purchaser for the Remaining Equity Interest or, where there are more than one Qualified Intended Purchaser for the Remaining Equity Interest, the Qualified Intended Purchaser who has made the highest auction bid for the Remaining Equity Interest during the Auction Period

By Order of the Board  
**Tysan Holdings Limited**  
**Wong Suk Han Kitty**  
*Company Secretary*

Hong Kong, 23 July 2010

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