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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 687)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS AND RESUMPTION OF TRADING

Potential sale of 66% shareholding in the Company by Tides Holdings II

On 31 March 2016 (after trading hours), Tides Holdings II, the existing controlling shareholder of the Company, entered into a term sheet with HNA Finance I whereby, subject to the entering into of a definitive sale and purchase agreement and the other terms and conditions described below, HNA Finance I would acquire 577,279,496 Shares (representing an approximately 66% shareholding interest) from Tides Holdings II for an aggregate cash sum of HK\$2,615,076,116.88, representing HK\$4.53 per Sale Share. Following completion of this proposed sale, Tides Holdings II would remain interested in 78,719,931 Shares (representing an approximately 9% shareholding interest).

If this potential sale proceeds on those terms, it would result in HNA Finance I acquiring a controlling stake in the Company, thereby triggering a mandatory unconditional general offer under Rule 26.1 of the Takeovers Code for all of the issued Shares (other than those already owned or agreed to be acquired by HNA Finance I and parties acting in concert with it). Pursuant to this term sheet, Tides Holdings II would not accept this offer in respect of its remaining interests in the Company and such remaining interests would be subject to a lock-up period of 9 months from the date of completion of this potential sale.

Since no definitive sale and purchase agreement has yet been entered into in respect of this potential sale, there is no certainty that it will proceed or that it would lead to a mandatory general offer under Rule 26.1 of the Takeovers Code.

Potential purchase by the Company of a 40% interest in TFHK from Fortunate Pool

On 31 March 2016 (after trading hours), Mr. Fung, the Company's vice chairman, managing director and one of the executive Directors, and his wholly-owned company, Fortunate Pool also entered into a letter of intent with HNA Finance I whereby, subject to the terms and conditions described below, HNA Finance I agreed to, among other things, propose, support and procure the Company, subject to a contract to be entered into among the Company, Mr. Fung and Fortunate Pool, to purchase a 40% interest in TFHK, a subsidiary owned as at the date of this announcement as to 60% by the Company, from Fortunate Pool for an aggregate cash sum of HK\$836.5568 million. Pursuant to the Letter of Intent, HNA Finance I also agreed to propose and support a revision of the terms of the employment contract between a member of the Tysan Group and Mr. Fung. As at the date of this announcement, the Company also confirmed to Mr. Fung and Fortunate Pool its non-binding agreement in principle to such terms of such acquisition, the revision of Mr. Fung's employment contract and other matters set out in the Letter of Intent as described below and its intention to discuss with Mr. Fung and Fortunate Pool and to finalise binding contracts in relation thereto.

Both these potential transactions are subject to the negotiations and execution of legally binding agreements between the respective parties. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

WARNING: The discussions (a) between Tides Holdings II and HNA Finance I and (b) among Mr. Fung, Fortunate Pool and the Company, may or may not lead to the finalisation of any legally binding contracts and so there is no assurance that either or both of the Potential Transactions (or any related mandatory general offer) will materialise or eventually be consummated. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

This announcement is made by Tysan Holdings Limited (the "Company") pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong.

Reference is made to the announcement of the Company dated 9 March 2016 in which the Company announced that the Company had been informed by its controlling shareholder, Tides Holdings II Ltd. (“**Tides Holdings II**”), that Tides Holdings II had been approached by and was in preliminary discussions with HNA Finance I Co., Ltd. (“**HNA Finance I**”), a wholly-owned subsidiary of HNA Group Co., Ltd., in connection with a possible acquisition of its interests in the Company. HNA Group is a PRC conglomerate encompassing core divisions of aviation, holdings, capital, tourism and logistics.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that it has been informed by:-

- (a) Tides Holdings II that on 31 March 2016 (after trading hours), Tides Holdings II and HNA Finance I entered into a term sheet (the “**Tides Term Sheet**”) regarding the potential sale by Tides Holdings II to HNA Finance I of a total of 577,279,496 ordinary shares of HK\$0.10 each (“**Shares**”) in the issued share capital of the Company (the “**Sale Shares**”), representing approximately 66% of the issued share capital of the Company as at the date of this announcement (the “**Tides Potential Transaction**”). The Tides Term Sheet sets forth the understanding between the parties and certain preliminary terms in relation to the Tides Potential Transaction; and
- (b) Mr. Fung Chiu Chak, Victor (“**Mr. Fung**”), the Company’s vice chairman, managing director and one of the executive Directors, that on 31 March 2016 (after trading hours), Mr. Fung and his wholly-owned company, Fortunate Pool Limited (“**Fortunate Pool**”) also entered into a letter of intent (“**Letter of Intent**”) with HNA Finance I pursuant to which HNA Finance I agreed to propose, support and procure the Company, subject to a contract to be entered into among the Company, Mr. Fung and Fortunate Pool, to purchase (the “**Foundation Potential Transaction**”) a 40% interest in Tysan Foundation (Hong Kong) Limited (“**TFHK**”) from Fortunate Pool. TFHK is a subsidiary of the Company and is owned as at the date of this announcement as to 60% by the Company and 40% by Fortunate Pool. The Letter of Intent sets forth the understanding between the parties and certain preliminary terms in relation to the Foundation Potential Transaction. Pursuant to the Letter of Intent, HNA Finance I also agreed to propose and support a revision of the terms of the employment contract between the Company or any of its subsidiaries (collectively, the “**Tysan Group**”) and Mr. Fung. As at the date of this announcement, the Company also confirmed to Mr. Fung and Fortunate Pool its non-binding agreement in principle to such terms of such acquisition, the revision of Mr. Fung’s employment contract and other matters set out in the Letter of Intent as described below and its intention to discuss with Mr. Fung and Fortunate Pool and to finalise binding contracts in relation thereto.

The Tides Potential Transaction and the Foundation Potential Transaction are together referred to as the “**Potential Transactions**” hereinafter.

Tides Potential Transaction

Sale and purchase of Sale Shares by Tides Holdings II to HNA Finance I

Subject to the entering into of a definitive sale and purchase agreement (“**Tides Definitive SPA**”) between Tides Holdings II and HNA Finance I, if the Tides Potential Transaction materializes, HNA Finance I would acquire the Sale Shares from Tides Holdings II at a total consideration of HK\$2,615,076,116.88, representing HK\$4.53 per Sale Share, payable in cash. As the Sale Shares represent approximately 66% of the issued share capital of the Company as at the date of this announcement, if the Tides Potential Transaction proceeds on the terms described, it would give rise to an obligation on the part of HNA Finance I and any parties acting in concert with it to make a mandatory unconditional general offer for all the Shares (other than those already owned or agreed to be acquired by them) under Rule 26.1 of the Takeovers Code (the “**Offer**”). Tides Holdings II currently holds 655,999,427 Shares and following completion of the Tides Potential Transaction, Tides Holdings II will remain interested in 78,719,931 Shares (representing approximately 9% of the issued share capital of the Company as at the date of this announcement, the “**Tides’ Remaining Interest**”) and will cease to be the controlling shareholder of the Company. Pursuant to the Tides Term Sheet, Tides Holdings II will not accept the Offer in respect of the Tides’ Remaining Interest and the Tides’ Remaining Interest will be subject to a lock-up period of 9 months from the date of completion of the Tides Potential Transaction.

Earnest Money, Exclusivity, Conditions Precedent and Pre-completion Covenants

HNA Finance I agreed to pay Tides Holdings II earnest money in the sum of HK\$200 million (the “**Earnest Money**”) within three business days of the date of the Tides Term Sheet and the Tides Term Sheet shall take effect from the date the Earnest Money is received by Tides Holdings II. Tides Holdings II will only refund the Earnest Money to HNA Finance I in certain circumstances including the failure on the part of Tides Holdings II to enter into or to complete the Tides Potential Transaction under the Tides Definitive SPA due solely to the reasons of Tides Holdings II, the termination of the Tides Term Sheet or the Tides Definitive SPA by Tides Holdings II or Tides Holdings II violating the exclusivity provision set out in the Tides Term Sheet.

Tides Holdings II agreed not to enter into any agreement or discussion for the Tides Potential Transaction or transactions of a similar nature or any disposal of a substantial part of the Company (except for the Spin-off Application (as defined below)) without the written permission of HNA Finance I from the date the Tides Term Sheet becomes effective to 30 April 2016 (the “**Exclusivity Period**”). Tides Holdings II and HNA Finance I intend to negotiate and enter into the Tides Definitive SPA by the end of the Exclusivity Period and if the Tides Definitive SPA is not executed by the end of the Exclusivity Period, the Tides Term Sheet will terminate.

The completion of the Tides Potential Transaction would be subject to certain conditions precedent (the “**Conditions Precedent**”) including approval from the PRC Ministry of Commerce under the Anti-Monopoly Law of the PRC and the withdrawal of the application to spin off and separately list Tysan Foundation Holdings Limited on the Stock Exchange as announced by the Company on 8 January 2016 (the “**Spin-off Application**”). The Tides Potential Transaction would not be conditional upon the Foundation Potential Transaction going ahead. It is intended by Tides Holdings II and HNA Finance I that the Tides Potential Transaction would be completed as soon as possible after the Conditions Precedent are satisfied and the long stop date for the satisfaction of the Conditions Precedent is 31 August 2016, which can be extended to 30 September 2016 if the approval from the PRC Ministry of Commerce is not obtained by 31 August 2016. However, such extension will be subject to HNA Finance I paying to Tides Holdings II an additional amount of earnest money of HK\$80 million. Such additional amount of earnest money and the Earnest Money will be credited against the total consideration payable by HNA Finance I to Tides Holdings II if the Tides Potential Transaction completes.

With effect from the time the Earnest Money is paid until completion of the Tides Potential Transaction, the Tides Term Sheet contemplates among other things that, unless with the prior written consent from HNA Finance I, Tides Holdings II will not exercise its voting rights in a general meeting of the Company, support the approval of the taking of any step or action or procure its representatives on the Board to take any action which will result in:-

- (a) any acquisition or establishment of any subsidiary or acquisition of shares in any other company or participation in any partnership or joint venture by any member of the Tysan Group, other than in the ordinary course of business or in connection with the transactions contemplated under the Tides Term Sheet;
- (b) any member of the Tysan Group incurring any additional borrowings or indebtedness (save for refinancing) which exceeds HK\$600 million in aggregate;

- (c) without prejudice to the pre-completion covenant immediately above, any member of the Tysan Group entering into (i) any new contract in relation to the Tysan Group's foundation piling business of a value that exceeds HK\$1,000 million or (ii) any new contract in relation to the Tysan Group's property development or property investment and management business of a value that exceeds HK\$190 million, or renewing or amending the terms and conditions of any existing contract which falls within the scope of (i) and (ii) above; and
- (d) any member of the Tysan Group acquiring or disposing of any land or real properties (other than disposal of real properties in the ordinary course of business) or changing the existing usage of the Tysan Group's real properties
- (collectively, the "**Pre-completion Covenants**").

Legal effect of the Tides Term Sheet

The provisions in relation to, among others, the lock-up of the Tides' Remaining Interests after the Tides Potential Transaction, the Earnest Money, the Exclusivity Period, the Conditions Precedent and the Pre-completion Covenants are legally binding. However, the sale and purchase of the Sale Shares and the consideration per Sale Share is subject to the entering into of the Tides Definitive SPA, which may or may not happen. If the Earnest Money is not paid within three business days of the signing of the Tides Term Sheet, the Tides Term Sheet will terminate.

Since no definitive sale and purchase agreement has been entered into in respect of the Tides Potential Transaction, there is no certainty that it will proceed or that it would lead to a mandatory general offer under Rule 26.1 of the Takeovers Code.

Foundation Potential Transaction

Purchase by the Company of a 40% interest in TFHK from Fortunate Pool

The Letter of Intent contemplates that subject to the entering into of a definitive sale and purchase agreement ("**Foundation Definitive SPA**") between the Company (or its designated nominee), as purchaser, Fortunate Pool, as vendor, and Mr. Fung, as guarantor of Fortunate Pool, the Company will purchase or procure the purchase of the remaining 40% shareholding in TFHK which it does not already hold. Such purchase will be subject to the completion of the Tides Potential Transaction and other conditions in the Foundation Definitive SPA, and will be carried out in two phases as follows:-

- (a) the Company will purchase or procure the purchase of 35% of TFHK (“**Phase 1**”) for a cash sum of HK\$731.9872 million (the “**Phase 1 Consideration**”). Completion of Phase 1 will take place simultaneously with but conditional upon completion of the Tides Definitive SPA and on that day, Fortunate Pool will receive HK\$548.9904 million, being 75% of the Phase 1 Consideration. The remaining HK\$182.9968 million, being 25% of the Phase 1 Consideration, shall be paid on the earlier of (i) 30 days after the first closing date of the Offer and (ii) 58 days after completion of the Tides Definitive SPA; and
- (b) the Company will purchase or procure the purchase of the remaining 5% shareholding interest in TFHK (“**Phase 2**”) for a cash sum of HK\$104.5696 million. Completion of Phase 2 will take place on or before the first anniversary of the completion of the Tides Definitive SPA.

The aggregate consideration payable by the Company for the purchase of the above 40% shareholding interest in TFHK is HK\$836.5568 million.

Management Retention

Subject to, among other things, the approval of the remuneration committee of the Company and the relevant requirements under the Listing Rules, and the bye-laws of the Company, Mr. Fung will remain in his current position as the vice chairman and managing director of the Company and one of the executive Directors, with the same management and operational authority and right to decide the senior management and operational team as he now has for a period of 18 months (which may be extended if mutually agreed by the parties) after completion of Phase 1 (or such longer period as he and the Company may agree) for an increase of 15% of his emoluments (including salary, accommodation allowances, bonuses and other benefits) in effect on 1 April 2016. He will also enter into a non-compete and non-solicitation agreement with the Company for a period of no longer than 12 months after the termination of his employment contract.

Possible Final Dividend of TFHK

The parties to the Letter of Intent will procure TFHK to declare, and pay to its shareholders (namely, the Company and Fortunate Pool), a final dividend on or before 30 June 2016 in an amount representing 50% of the difference (if any) between (a) the audited consolidated net profits of TFHK for the year ended 31 March 2016 and (b) the unaudited consolidated net profits of TFHK for the six months ended 30 September 2015.

Legal Effect of the Letter of Intent

The provisions in relation to, among others, costs of each party to the Letter of Intent are legally binding. However, the purchase of the shares in TFHK by the Company, the increases to Mr. Fung's emoluments and the possible final dividend by TFHK are subject to the entering into of the Foundation Definitive SPA, which may or may not happen.

Impact on the Company

It is intended that the Spin-off Application will be withdrawn if and when the Tides Definitive SPA is entered into.

The Foundation Potential Transaction, if proceeded with, would constitute a notifiable transaction and connected transaction for the Company under the Listing Rules and be subject to approval by shareholders of the Company other than those who are required, under the Listing Rules to abstain.

Tides Holdings II has informed the Company of its intention to vote in favour of the Foundation Potential Transaction in the general meeting of the Company if convened for approving the Foundation Potential Transaction.

As at the date of this announcement, neither Mr. Fung nor Fortunate Pool is a shareholder of the Company. On this basis, it is expected that neither the Foundation Potential Transaction nor the revision of the terms of the employment contract between Mr. Fung and a member of the Tysan Group as set out in the section headed "Management Retention" above would constitute a special deal under Rule 25 of the Takeovers Code.

Other Information

As at the date of this announcement, the Company has a total issued share capital of 874,665,903 ordinary shares. Other than these ordinary shares, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Associates (having the meaning given to it under the Takeovers Code, including persons holding 5% or more of the relevant securities of the Company and HNA Finance I) of the Company and HNA Finance I are reminded to disclose their dealings in the relevant securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Monthly Updates

In compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Tides Potential Transaction will be made by the Company until an announcement is made of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the Tides Potential Transaction. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

WARNING: The discussions (a) between Tides Holdings II and HNA Finance I and (b) among Mr. Fung, Fortunate Pool and the Company, may or may not lead to the finalisation of any legally binding contracts and so there is no assurance that either or both of the Potential Transactions (or any related mandatory general offer) will materialise or eventually be consummated. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 1 April 2016, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 5 April 2016.

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

Hong Kong, 1 April 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai; the non-executive Directors of the Company are Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard; and the independent non-executive Directors of the Company are Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee.

The Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Company website: www.tysan.com