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HNA FINANCE I CO., LTD. **TYSAN HOLDINGS LIMITED**
(incorporated in Anguilla with limited liability) *(Incorporated in Bermuda with limited liability)*
(Stock Code: 687)

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF A CONTROLLING INTEREST IN TYSAN HOLDINGS LIMITED BY HNA FINANCE I CO., LTD.**
 - (2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY CCB INTERNATIONAL CAPITAL LIMITED ON BEHALF OF HNA FINANCE I CO., LTD. TO ACQUIRE ALL OF THE ISSUED SHARES OF TYSAN HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY HNA FINANCE I CO., LTD. AND PARTIES ACTING IN CONCERT WITH IT)**
 - (3) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF A 40% INTEREST IN TYSAN FOUNDATION (HONG KONG) LIMITED**
 - (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**
- AND**
- (5) WITHDRAWAL OF SPIN-OFF APPLICATION**

Joint financial advisers to HNA Finance I Co., Ltd.



**HONG KONG INTERNATIONAL
CAPITAL MANAGEMENT LIMITED**



**建银国际
CCB International
CCB INTERNATIONAL
CAPITAL LIMITED**

**Independent financial adviser to the independent board committee of
Tysan Holdings Limited**

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

SALE AND PURCHASE OF APPROXIMATELY 66% OF THE ISSUED SHARES OF THE COMPANY

The Company was informed by Tides Holdings II (the controlling shareholder of the Company as at the date of this joint announcement) that on 19 April 2016 (after trading hours), HNA Finance I and Tides Holdings II entered into the Tides SPA pursuant to which HNA Finance I has conditionally agreed to purchase, and Tides Holdings II has conditionally agreed to sell, 577,279,496 Shares, which represent approximately 66% of the issued Shares as at the date of this joint announcement, for an aggregate consideration of HK\$2,615,076,116.88 (representing HK\$4.53 per Tides Sale Share), payable in cash on completion of the Tides Transaction.

Completion of the Tides Transaction is subject to the fulfilment or waiver of the conditions described in the section headed “Tides Conditions Precedent” in this joint announcement.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, Tides Holdings II holds 655,999,427 Shares (representing approximately 75% of the issued Shares) and HNA Finance I and its Concert Parties do not hold any Shares.

Upon completion of the Tides Transaction, HNA Finance I and its Concert Parties will hold 577,279,496 Shares (representing approximately 66% of the issued Shares, assuming no changes to the issued Shares from the date of this joint announcement to the date of completion of the Tides Transaction) and Tides Holdings II will remain interested in 78,719,931 Shares (representing approximately 9% of the issued Shares, assuming no changes to the issued Shares from the date of this joint announcement to the date of completion of the Tides Transaction).

Subject to completion of the Tides Transaction and pursuant to Rule 26.1 of the Takeovers Code, HNA Finance I will be required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties upon completion of the Tides Transaction. Tides Holdings II has undertaken that it would not accept the Offer in respect of the Shares held by Tides Holdings II upon the completion of the Tides Transaction.

Subject to and upon the completion of the Tides Transaction, the Offer will be made by CCBI on behalf of HNA Finance I in compliance with the Takeovers Code on the following basis:

The Offer Price

For each Offer Share HK\$4.53 in cash

The Offer Price of HK\$4.53 for each Offer Share is equal to the price payable by HNA Finance I for each Tides Sale Share under the Tides SPA.

As at the date of this joint announcement, there are 874,665,903 Shares in issue. The Company does not as at the date of this joint announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares.

Confirmation of Financial Resources

The aggregate of the cash amount payable to Tides Holdings II as consideration for the Tides Sale Shares under the Tides SPA is HK\$2,615,076,116.88. The maximum cash amount to be paid to Shareholders in respect of acceptances under the Offer is approximately HK\$990,559,136.28, based on the Offer Price of HK\$4.53 per Share and 218,666,476 Offer Shares (being a total of 874,665,903 Shares in issue less (i) the Tides Sale Shares of 577,279,496 Shares to be held by HNA Finance I and (ii) the 78,719,931 Shares to be Shares held by Tides Holdings II after completion of the Tides Transaction, in respect of which Tides Holdings II has undertaken not to accept the Offer). The total cash consideration will be funded by a committed term loan facility and a margin loan facility.

CCBI, a joint financial adviser to HNA Finance I, is satisfied that sufficient financial resources are available to HNA Finance I to meet full acceptance of the Offer as described above.

HNA Finance I intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. HNA Finance I and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

The principal terms of the Offer are set out in the section headed “Possible Mandatory Unconditional Cash Offer” of this joint announcement.

COMPOSITE DOCUMENT

If the Offer is made, it is the intention of HNA Finance I and the Company that a Composite Document comprising the offer document from HNA Finance I and the response document from the Board will be jointly dispatched by HNA Finance I and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, the terms and details of the Offer, the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Pursuant to Rule 8.2 of the Takeovers Code, HNA Finance I and the Company are required to dispatch the Composite Document within 21 days from the date of this joint announcement. However, as the making of the Offer is subject to the completion of the Tides Transaction, which in turn is subject to satisfaction of the Tides Conditions Precedent that are not expected to be satisfied within 21 days of this joint announcement, HNA Finance I will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for dispatch of the Composite Document to the earlier of: (a) within seven days from the completion of the Tides Transaction and (b) 13 September 2016 (assuming the Long Stop Date is not extended).

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% INTEREST IN TFHK

On 19 April 2016 (after trading hours), the Company, Fortunate Pool and Mr. Fung also entered into the Foundation SPA, pursuant to which the Company has conditionally agreed to purchase and Fortunate Pool has conditionally agreed to sell, the Foundation Sale Shares, which represent 40% of the issued shares of TFHK as at the date of this joint announcement, for an aggregate consideration of HK\$836,790,400. Completion of the Foundation SPA is conditional upon, amongst other things, completion of the Tides Transaction, and will take place in two phases with Phase 1 Completion taking place on the same date as completion of the Tides Transaction and Phase 2 Completion taking place within one year after that. Immediately after Phase 1 Completion, the interest of the Company in TFHK will increase from 60% to 95% of TFHK and after Phase 2 Completion, TFHK will become a wholly owned subsidiary of the Company.

Under the Foundation SPA, the Company, Fortunate Pool and Mr. Fung will procure that, subject to the laws of Hong Kong, TFHK will declare a final dividend for the year ended 31 March 2016 to be paid to the shareholders of THFK on or before the date of completion of the Tides Transaction.

In connection with the Foundation SPA, a service agreement will also be entered into with Mr. Fung and the Group on Phase 1 Completion. Subject to 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 be appointed as the chief executive officer and an executive Director of the Company and will remain as a director of TFHK for a period of 18 months after Phase 1 Completion (or for such longer period as Mr. Fung and the Company may agree), for an increase of 15% of his emoluments (including salary, bonuses and other benefits) in effect on 1 April 2016. The service agreement to be entered into between the Company, TFHK and Mr. Fung if Phase 1 Completion takes place, will also contain non-compete and non-solicitation provisions, which will continue for a period of 12 months after termination or expiry of the service agreement.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this joint announcement, TFHK is owned as to 60% by the Company, and the remaining 40% is held by Fortunate Pool. Fortunate Pool is wholly owned by Mr. Fung, the Company's vice chairman, managing director and one of the executive Directors. Therefore, both Fortunate Pool, as a substantial shareholder of TFHK, and Mr. Fung, as an executive Director, are connected persons of the Company. The Foundation Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Foundation Transaction is greater than 25%, but is less than 100%, the Foundation Transaction also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

The Foundation Transaction is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Tides Holdings II negotiated and decided the principal commercial terms of the Tides Transaction with HNA Finance I without interference from Mr. Fung. According to the Tides SPA, the Tides Transaction can proceed to completion regardless of whether the Foundation Transaction completes.

Mr. Fung was first approached by HNA Finance I in relation to the Foundation Transaction and the two parties negotiated and decided the principal commercial terms between themselves without interference from Tides Holdings II. There is no arrangement between Tides Holdings II and Mr. Fung in relation to the Foundation Transaction. Given that the Tides Transaction can proceed regardless of the Foundation Transaction, Tides Holdings II does not have a material interest in the Foundation Transaction which is not available to the other Shareholders. Therefore, Tides Holdings II may vote at the SGM to be convened for the purpose of approving the Foundation SPA and the transactions contemplated thereunder.

Accordingly, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries and based on the aforesaid, no Shareholder or any of its close associates has any material interest in the Foundation SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Foundation SPA and the transactions contemplated thereunder.

The entering into of the service agreement between the Company, TFHK and Mr. Fung is an exempted connected transaction under Rule 14A.95 of the Listing Rules.

As at the date of this joint announcement, neither Mr. Fung nor Fortunate Pool is a Shareholder.

SHAREHOLDERS' CIRCULAR

The SGM will be convened and held for the purpose of considering, and if thought fit, approving the Foundation SPA and the transactions contemplated thereunder. The Company expects that the circular containing, amongst other things, (i) further details of the Foundation Transaction; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the SGM, will be dispatched to the Shareholders on or before 11 May 2016.

INDEPENDENT BOARD COMMITTEE OF THE COMPANY AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, has been established to give a recommendation to the Independent Shareholders (a) in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer and (b) in respect of the Foundation Transaction, as to whether the Foundation SPA and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole and whether the Foundation SPA and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned. Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard, being all the non-executive Directors, have not been included in the Independent Board Committee required to be established under the Takeovers Code, given that they are Directors nominated onto the Board by the ultimate shareholder of Tides Holdings II, the vendor in the Tides Transaction.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to the matters above.

OTHERS

Withdrawal of Spin-Off Application

The sponsor to the Spin-Off Application will make an application to the Stock Exchange to withdraw the Spin-Off Application.

Payments under the Management Incentive Scheme

In the year ended 31 March 2015, the Company had also adopted, as stated in its annual report, an incentive scheme in favour of its Directors and the Group's senior management calculated by reference to dividends declared by the Company. A term of this incentive scheme is that in the event there is a change in control of the Company, unvested rights in this incentive scheme will vest immediately and no further grants will be made but an aggregate payment will be made to participants in that incentive scheme equal to 4.5% of the value of the Company as determined at completion of the Tides Transaction. Completion of the Tides Transaction will trigger an aggregate payment of about HK\$197.98 million under the incentive scheme. Of this amount, Mr. Fung, Mr. Chiu Chin Hung and Mr. Lau Kin Fai, being executive Directors, will receive about HK\$98.99 million, HK\$29.7 million and HK\$29.7 million respectively and the remaining four members of senior management (who are not Directors) will receive payments ranging from about HK\$8 million to HK\$11.88 million. None of these seven participants of the incentive scheme is a Shareholder as of the date of this joint announcement.

WARNING: Shareholders and potential investors of the Company should note that, as the making of the Offer is subject to the completion of the Tides SPA which in turn is subject to the satisfaction of a number of conditions, the Offer may or may not be made. Accordingly, the issue of this announcement does not imply that the Offer will be made or will be completed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. Insofar as the Company is concerned, this joint announcement is made in compliance with the Takeovers Code for the sole purpose of informing Shareholders of the fact that the Company has been informed that the Offer may be made. The Directors

make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement and strongly recommend Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors of the Company are reminded that completion of the Foundation Transaction is subject to the fulfilment and/or waiver of a number of conditions precedent, and therefore the Foundation Transaction may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when trading in Shares.

Reference is made to the announcement of the Company dated 1 April 2016 in relation to (i) the entry into a term sheet between Tides Holdings II as potential vendor and HNA Finance I as potential purchaser, in connection with, a possible acquisition by HNA Finance I and the sale by Tides Holdings II, of 577,279,496 Shares, representing approximately 66% of the entire issued Shares; and (ii) the entry into a letter of intent between Mr. Fung, Fortunate Pool and HNA Finance I in connection with the potential sale by Fortunate Pool of a 40% interest in TFHK to the Company.

SALE AND PURCHASE OF APPROXIMATELY 66% OF THE ISSUED SHARES OF THE COMPANY

The Company was informed by Tides Holdings II (the controlling shareholder of the Company as at the date of this joint announcement) that on 19 April 2016 (after trading hours), Tides Holdings II and HNA Finance I entered into the Tides SPA, the principal terms of which are summarised below.

THE TIDES SPA

Date: 19 April 2016

Parties:

(1) Vendor: Tides Holdings II Ltd.

(2) Purchaser: HNA Finance I Co., Ltd.

Subject to and in accordance with the terms and conditions of the Tides SPA, HNA Finance I has conditionally agreed to purchase and Tides Holdings II has conditionally agreed to sell 577,279,496 Shares, which represent approximately 66% of the issued Shares as at the date of this joint announcement, for an aggregate consideration of HK\$2,615,076,116.88 (representing HK\$4.53 per Tides Sale Share), payable in cash on completion of the Tides Transaction.

The Tides Sale Shares will be acquired free from all Encumbrances and together with all rights and benefits which were on the date of the Tides SPA attaching or may at any time thereafter become attached thereto including the right to all dividends, distributions and any return of capital declared, made or paid, or agreed to be made or paid thereon or in respect thereof after completion of the Tides Transaction, provided that the Final Dividend and any dividends, distributions and any return of capital declared before completion of the Tides Transaction shall accrue to HNA Finance I.

Consideration

The consideration for the Tides Sale Shares under the Tides SPA was determined after arm's length negotiations between HNA Finance I and Tides Holdings II and having regard to (i) the net asset value of the Group as at 30 September 2015; (ii) the financial position of the Group; (iii) the prevailing market prices of the Shares as further described in the section headed "Comparison of value" below; (iv) the fact that HNA Finance I can obtain a controlling interest in the Company after completion of the Tides Transaction; and (v) the development potential and business prospect of the Group.

Earnest Money

The Earnest Money has been paid by HNA Finance I to Tides Holdings II pursuant to the Tides Term Sheet. Pursuant to the Tides SPA, without prejudice to the return of Earnest Money and any Additional Earnest Money upon completion of the Tides Transaction to HNA Finance I as stated in the section headed "Tides Conditions Precedent" below, Tides Holdings II will refund to HNA Finance I the Earnest Money, without interest, only if any of the following events happens:

- (a) the Tides SPA is terminated by Tides Holdings II prior to completion of the Tides Transaction for any reason;
- (b) Tides Holdings II and HNA Finance I agree in writing to terminate the Tides SPA;

- (c) completion of the Tides Transaction does not take place in accordance with the terms and conditions of the Tides SPA solely due to the reasons of Tides Holdings II; and
- (d) the listing of the Shares having been withdrawn or cancelled or the trading of the Shares having been suspended for twenty (20) consecutive trading days or more (save for any suspension relating to the Tides Transaction, the Offer, the Foundation Transaction or any other transaction contemplated under the Tides Term Sheet).

Tides Conditions Precedent

Completion of the Tides Transaction is subject to the fulfilment or waiver of the following Tides Conditions Precedent:

- (i) the delivery of evidence reasonably satisfactory to Tides Holdings II proving the submission by HNA Finance I to, and acceptance by MOFCOM, under the Anti-Monopoly Law of the PRC in respect of the Tides Transaction and the clearance or deemed clearance (through the expiration of the relevant statutory time periods for review by MOFCOM) by MOFCOM under the Anti-Monopoly Law of the PRC of the Tides Transaction;
- (ii) withdrawal of the Spin-off Application;
- (iii) all warranties given by Tides Holdings II remaining true and accurate in all material respects and not misleading in any respect as of completion of the Tides Transaction; and
- (iv) all warranties given by HNA Finance I remaining true and accurate in all material respects and not misleading in any respect as of completion of the Tides Transaction.

If any of the Tides Conditions Precedent has not been fulfilled or, where applicable, waived on or before 31 August 2016 (the “**Long Stop Date**”), either Tides Holdings II or HNA Finance I shall be entitled to terminate the Tides SPA by notice in writing to the other party. In the event that the Tides Condition Precedent (i) above is not satisfied on or before 31 August 2016, the Long Stop Date can be extended to 30 September 2016, provided that HNA Finance I will pay to Tides Holdings II the Additional Earnest Money. The Additional Earnest Money will be refunded to HNA Finance I, without interest, only if any of the events stated in (b), (c) and (d) in the section headed “Earnest Money” of this joint announcement happens.

Upon completion of the Tides Transaction, against payment by HNA Finance I of the aggregate consideration of HK\$2,615,076,116.88 in cash to Tides Holdings II, Tides Holdings II will return the Earnest Money and any Additional Earnest Money (in both cases, without interest) to HNA Finance I.

Pre-completion Covenants

Tides Holdings II covenants to HNA Finance I that, between the date of the Tides SPA and completion of the Tides Transaction, it will not exercise its voting rights in general meetings 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 frustrating action (as defined under Rule 4 of Takeovers Code) being taken or announced by the Company or the Board;
- (b) any change or circumstance which has had or would reasonably be expected to have a material adverse effect on the financial position of the Group taken as a whole as at 30 June 2016 as compared with the financial position of the Group taken as a whole as at 31 March 2015; for the purpose of this paragraph (b), “material adverse effect” shall include a reduction of at least 10% in the net asset value of the Company as at 30 June 2016 as compared with that as at 31 March 2015; and
- (c) any material change to the scope of business of any member of the Group since 31 March 2015.

Tides Holdings II covenants to HNA Finance I that, between the date of the Tides SPA and completion of the Tides Transaction, unless prior written consent from HNA Finance I is obtained, it will not exercise its voting rights in general meetings 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 Group (other than in the ordinary course of business or in connection with the transactions contemplated under the Tides SPA);
- (b) any member of the Group incurring any additional borrowings or indebtedness (save for refinancing) which exceed HK\$600 million in aggregate;

- (c) without prejudice to the pre-completion covenant immediately above, any member of the Group entering into (i) any new contract in relation to the Group's foundation piling business of a value that exceeds HK\$1,000 million or (ii) any new contract in relation to the 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 Group acquiring or disposing of any land or real properties (other than disposal of real properties in the ordinary course of business) or changed the existing usage of the Group's real properties.

Irrevocable Undertakings by Tides Holdings II

Upon completion of the Tides Transaction, Tides Holdings II will hold 78,719,931 Shares representing approximately 9% of the issued Shares, assuming no changes to the issued Shares from the date of this joint announcement to the date of completion of the Tides Transaction. Tides Holdings II has irrevocably undertaken to HNA Finance I that, Tides Holdings II:

- (i) will not accept the Offer in respect of any Shares held by it or any party acting in concert with it;
- (ii) will not, without the prior written consent of HNA Finance I, acquire any Shares to the extent such acquisition will make it a connected person (as defined under the Listing Rules) of the Company or otherwise cause the Shares held by it to be excluded from the public float of the Company; and
- (iii) will not, during the period from the date of the Tides SPA to the expiry of 9 months from completion of the Tides Transaction, sell, transfer, assign, charge, encumber, grant any option over or otherwise dispose of any of the Shares held by it upon completion of the Tides Transaction to any third party without prior written consent of HNA Finance I.

Furthermore, Tides Holdings II hereby undertakes that it will not sell, transfer, assign, charge, encumber, grant any option over or otherwise dispose of or make any of the 78,719,931 Shares held by it available for acceptance under the Offer prior to the close of the Offer.

Completion of the Tides Transaction

Completion of the Tides Transaction shall take place on the fourth Business Day after fulfilment or waiver of all Tides Conditions Precedent to the Tides SPA.

The Company will publish a further announcement at completion of the Tides Transaction.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement, Tides Holdings II holds 655,999,427 Shares (representing approximately 75% of the issued Shares) and HNA Finance I and its Concert Parties do not hold any Shares.

Upon completion of the Tides Transaction, HNA Finance I and its Concert Parties with it will hold 577,279,496 Shares (representing approximately 66% of the issued Shares, assuming no changes to the issued Shares from the date of this joint announcement to the date of completion of the Tides Transaction) and Tides Holdings II will remain interested in 78,719,931 Shares (representing approximately 9% of the issued Shares, assuming no changes to the issued Shares from the date of this joint announcement to the date of completion of the Tides Transaction).

Subject to completion of the Tides Transaction and pursuant to Rule 26.1 of the Takeovers Code, HNA Finance I will be required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by HNA Finance I and its Concert Parties upon completion of the Tides Transaction.

Subject to and upon completion of the Tides Transaction, the Offer will be made by CCBI on behalf of HNA Finance I in compliance with the Takeovers Code on the following basis:

The Offer Price will be as follows:

For each Offer Share HK\$4.53 in cash

As at the date of this joint announcement, there are 874,665,903 Shares in issue. The Company does not as at the date of this joint announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Offer Price of HK\$4.53 per Share and 874,665,903 Shares in issue as at the date of this joint announcement, the entire issued Shares is valued at approximately HK\$3,962,236,541.

Comparison of value

The Offer Price represents:

- (a) a premium of 2.49% over the closing price of HK\$4.42 per Share as quoted on the Stock Exchange on the Last Trading Date Before Joint Announcement;
- (b) a premium of 13.53% over the closing price of HK\$3.99 per Share as quoted on the Stock Exchange on the Last Trading Date Before Initial Announcement;
- (c) a premium of 19.53% over the average closing price of HK\$3.79 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date Before Initial Announcement;
- (d) a premium of 39.81% over the average closing price of HK\$3.24 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Date Before Initial Announcement;
- (e) a premium of 41.12% over the average closing price of HK\$3.21 per Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Date Before Initial Announcement;
- (f) a premium of 36.86% over the average closing price of HK\$3.31 per Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Date Before Initial Announcement; and
- (g) a premium of 36.04% over the average closing price of HK\$3.33 per Share as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Date Before Initial Announcement.

The Offer Price of HK\$4.53 for each Offer Share is equal to the price payable by HNA Finance I to Tides Holdings II for each Tides Sale Share under the Tides SPA, which was determined after arm's length negotiations between HNA Finance I and Tides Holdings II and having regard to (i) the net asset value of the Group as at 30 September 2015; (ii) the financial position of the Group; (iii) the prevailing market prices of the Shares as further described in the section headed "Comparison of value" below; (iv) the fact that HNA Finance I can obtain a controlling interest in the Company after completion of the Tides Transaction; and (v) the development potential and business prospect of the Group.

Highest and lowest prices

During the six-month period preceding 9 March 2016 (being the date of publication of the Company's announcement made pursuant to Rule 3.7 of the Takeovers Code and the commencement of the offer period (as defined under the Takeovers Code) and up to the date of this joint announcement, the highest closing price of Shares as quoted on the Stock Exchange was HK\$4.44 on 14 April 2016 and 15 April 2016, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$2.85 on 20 January 2016, 21 January 2016 and 3 February 2016.

Payment

Payment in cash in respect of acceptances of the Offer will be made within seven business days (as defined under the Takeovers Code) of the date on which the Offer Shares are validly tendered for acceptance of the Offer. Relevant documents of title must be received by HNA Finance I to render each acceptance of the Offer complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Stamp Duty

Sellers' *ad valorem* stamp duty for Shares registered on the Hong Kong register arising in connection with acceptance of the Offer will be payable by each Shareholder at the rate of 0.1% of the amount of the consideration payable by HNA Finance I for such person's Shares and will be deducted from the cash amount due to such person under the Offer.

HNA Finance I will pay the buyer's *ad valorem* stamp duty on its own behalf and the sellers' *ad valorem* stamp duty on behalf of the accepting Shareholders in respect of the Shares accepted under the Offer.

Other arrangements

As at the date of this joint announcement, except for the Tides SPA, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to Shares or shares of HNA Finance I which might be material to the Offer. Other than the Tides SPA, there is no agreement or arrangement to which HNA Finance I is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

As at the date of this joint announcement, neither HNA Finance I nor its Concert Parties had received any indication or irrevocable commitment to accept the Offer.

FURTHER TERMS OF THE OFFER

The Offer will be subject to the term that acceptance of the Offer by any person will constitute a warranty by such person to HNA Finance I that the Shares acquired under the Offer are sold free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this joint announcement or subsequently becoming attached to them, including the right to all dividends, distributions and any return of capital, if any, declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offer is made, being the date of the Composite Document.

CONFIRMATION OF FINANCIAL RESOURCES

The aggregate of the cash amount payable to Tides Holdings II as consideration for the Tides Sale Shares under the Tides SPA is HK\$2,615,076,116.88. The maximum cash amount to be paid to Shareholders in respect of acceptances under the Offer is approximately HK\$990,559,136.28, based on the Offer Price of HK\$4.53 per Offer Share and 218,666,476 Offer Shares (being a total of 874,665,903 Shares in issue less (i) the Tides Sale Shares of 577,279,496 Shares to be held by HNA Finance I and (ii) the 78,719,931 Shares to be held by Tides Holdings II after completion of the Tides Transaction, in respect of which Tides Holdings II has undertaken not to accept the Offer). The total cash consideration will be funded by a committed term loan facility and a margin loan facility.

HKICM and CCBI have been appointed as the joint financial advisers to HNA Finance I in respect of the Offer. CCBI, as a joint financial adviser to HNA Finance I, is satisfied that sufficient financial resources are available to HNA Finance I (i) to complete the Tides Transaction; and (ii) to satisfy the amount of funds required for the full acceptance of the Offer.

INFORMATION ON HNA FINANCE I AND HNA GROUP

HNA Finance I was incorporated in Anguilla on 2 February 2016 as a company with limited liability. It is an indirectly wholly-owned subsidiary of HNA Group Co., Ltd. (“**HNA Group**”) and an investment holding company established for the purpose of holding the Tides Sale Shares and any Shares acquired under the Offer. HNA Group is a PRC conglomerate encompassing six core divisions of aviation, holdings, capital, tourism, logistics and ecological technology. According to the Fortune Global 500 ranking released by the U.S. “Fortune” magazine in 2015, HNA Group ranked No. 464 among all companies in the world, with an annual revenue of about US\$25.6 billion.

HNA Group is held as to 70% by Hainan Traffic Administration Holding Co., Ltd.* (海南交警控股有限公司), whose ultimate controlling shareholder is Hainan Province Cihang Foundation* (海南省慈航公益基金會).

INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Bermuda on 6 February 1991 as an exempted company with limited liability. The Company became listed on the Main Board of the Stock Exchange on 26 March 1991, trading under the stock code 687.

The Group is principally engaged in foundation piling, property development and property investment and management.

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement and immediately prior to the completion of the Tides Transaction; and (ii) immediately after the completion of the Tides Transaction but before the commencement of the Offer, assuming there is no change in the issued Shares from the date of this joint announcement up to the date of completion of the Tides Transaction:

	As at the date of this joint announcement and immediately prior to the completion of the Tides Transaction		Immediately after the completion of the Tides Transaction but before the commencement of the Offer	
	No. of Shares	Approximate %	No. of Shares	Approximate %
HNA Finance I and its Concert Parties	0	0.00	577,279,496	66.00
Tides Holdings II	655,999,427	75.00	78,719,931	9.00
Public Shareholders	<u>218,666,476</u>	<u>25.00</u>	<u>218,666,476</u>	<u>25.00</u>
Total	<u>874,665,903</u>	<u>100.00</u>	<u>874,665,903</u>	<u>100.00</u>

HNA FINANCE I'S INTENTIONS IN RELATION TO THE COMPANY

Upon completion of the Tides Transaction, HNA Finance I will become the controlling shareholder of the Company.

HNA Finance I intends that the Group will continue with its existing businesses. Subject to market conditions, HNA Finance I intends to provide funds, personnel, technology and other resources to support the Group's investment in and development of new projects, and raise the number of projects, asset value and brand recognition to a higher level, including by actively seeking potential business investment and development projects in the PRC and overseas.

HNA Finance I has no intention to terminate any employment of the employees of the Group or to make significant changes to any employment (except for the proposed change of Board composition as detailed in the section headed "Proposed change to the Board composition of the Company" below).

LISTING STATUS OF THE COMPANY

HNA Finance I intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

According to the Listing Rules, if, upon the close of the Offer, less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained, and each of HNA Finance I and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer, which may include HNA Finance I selling some of its Shares.

PROPOSED CHANGE TO BOARD COMPOSITION OF THE COMPANY

The Board currently consists of eleven Directors, comprising (i) Mr. Fung Chiu Chak, Victor, Mr. Chiu Chin Hung and Mr. Lau Kin Fai as executive Directors; (ii) Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard as non-executive Directors; and (iii) Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee as independent non-executive Directors.

Following completion of the Tides Transaction, it is intended that the resignation of Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard from the Board would take effect from the day immediately after the first closing of the Offer.

HNA Finance I intends to nominate new executive Directors to the Board with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

GENERAL MATTERS RELATING TO THE OFFER

Availability of the Offer

HNA Finance I intends to make the Offer available to all Shareholders, including those with registered addresses outside Hong Kong. The availability of the Offer to any persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Shareholders who are not resident in Hong Kong and who wish to accept the Offer should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of the Shareholders who are not resident in Hong Kong who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions) and, where necessary, consult their own professional advisers.

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of HNA Finance I regard as unduly onerous or burdensome (or otherwise not in the best interests of HNA Finance I), the Composite Document will not be dispatched to such overseas Shareholders. For that purpose, HNA Finance I will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to dispatch the Composite Document to such overseas Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such Shareholders. If any such waiver is granted by the Executive, HNA Finance I reserves the right to make arrangements in respect of Shareholders not resident in Hong Kong in relation to the terms of the Offer. Such arrangements may include notifying any matter in connection with the Offer to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given despite any failure by such Shareholders to receive or see that notice.

Tax Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of HNA Finance I, the Company, Tides Holdings II, HKICM and CCBI or any of their respective directors, officers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Composite Document

If the Offer is made, it is the intention of HNA Finance I and the Company that a Composite Document comprising the offer document from HNA Finance I and the response document from the Board will be jointly dispatched by HNA Finance I and the Company to the Shareholders in accordance with the requirements of the Takeovers Code. The Composite Document will contain, among other things, the terms and details of the Offer, the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Pursuant to Rule 8.2 of the Takeovers Code, HNA Finance I and the Company are required to dispatch the Composite Document within 21 days from the date of this joint announcement. However, as the making of the Offer is subject to the completion of the Tides Transaction, which in turn is subject to satisfaction of the Tides Conditions Precedent that are not expected to be satisfied within 21 days of this joint announcement, HNA Finance I will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the deadline for dispatch of the Composite Document to the earlier of: (a) within seven days from the completion of the Tides Transaction and (b) 13 September 2016 (assuming the Long Stop Date is not extended).

Interests of HNA Finance I in Shares

As at the date of this joint announcement, HNA Finance I and its Concert Parties do not hold, control or have direction over any other Shares and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

Upon completion of the Tides Transaction, HNA Finance I will own or control the following Shares:

HNA Finance I 577,279,496 (66%)

As at the date of this joint announcement, there are 874,665,903 Shares in issue. The Company does not as at the date of this joint announcement have and is not expected to have in issue any outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares.

HNA Finance I and its Concert Parties have not dealt in the shares, convertible securities, warrants, options or derivatives of the Company during the six-month period immediately prior to 9 March 2016 (being the date of publication of the Company's announcement made pursuant to Rule 3.7 of the Takeovers Code and the commencement of the offer period (as defined under the Takeovers Code)).

As at the date of this joint announcement, neither HNA Finance I nor its Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Disclosure of Dealings

Associates of HNA Finance I or the Company (including persons holding 5% or more of any class of relevant securities of HNA Finance I or the Company) are reminded to disclose their dealings in Shares. 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.”

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% INTEREST IN TFHK

On 19 April 2016 (after trading hours), the Company, Fortunate Pool and Mr. Fung also entered into the Foundation SPA in connection with the Foundation Transaction.

THE FOUNDATION SPA

Date: 19 April 2016

Parties:

(1) *Purchaser:* Tysan Holdings Limited

(2) *Vendor:* Fortunate Pool Limited

(3) *Guarantor:* Mr. Fung Chiu Chak, Victor

Fortunate Pool is a company incorporated in Hong Kong, and is an investment holding company. Mr. Fung is the sole shareholder and sole director of Fortunate Pool, and has agreed to unconditionally and irrevocably guarantee the due and punctual performance and observance of Fortunate Pool's obligations, commitments and undertakings under the Foundation SPA or any other document referred to in it.

As at the date of this joint announcement, TFHK is owned as to 60% by the Company, and the remaining 40% is held by Fortunate Pool. Therefore both Fortunate Pool, as a substantial shareholder of TFHK, and Mr. Fung as an executive Director are connected persons of the Company.

Assets to be Acquired

The Company has conditionally agreed to purchase and Fortunate Pool has conditionally agreed to sell, the Foundation Sale Shares, which represent 40% of the issued shares of TFHK as at the date of this joint announcement. The parties to the Foundation SPA have agreed that the Company may designate one or more nominees (in addition to or as an alternative to itself), which nominees must be wholly owned by the Company, to be the transferee(s) of the Foundation Sale Shares.

As at the date of this joint announcement, TFHK is a non wholly owned subsidiary of the Company. Immediately after Phase 1 Completion, the interest of the Company in TFHK will increase from 60% to 95% of TFHK and after Phase 2 Completion, TFHK will become a wholly owned subsidiary of the Company.

Consideration

The aggregate consideration for the Foundation Sale Shares is HK\$836,790,400. The consideration was determined after arm's length negotiations among the parties to the Foundation SPA with reference to, among other things, the consolidated net profit after tax of TFHK and its subsidiaries for the financial year ended 31 March 2015.

Payment of the consideration under the Foundation SPA shall be made in cash in the following manner:

- (i) HK\$549,143,700, being 75% of the Phase 1 Consideration, shall be paid by the Company to Fortunate Pool on Phase 1 Completion;
- (ii) HK\$183,047,900, being 25% of the Phase 1 Consideration, shall be paid by the Company to Fortunate Pool within (a) 30 days from the Closing Date or (b) 58 days from the completion of the Tides Transaction, whichever is the earlier; and
- (iii) HK\$104,598,800, being 100% of the Phase 2 Consideration, shall be paid by the Company to Fortunate Pool on Phase 2 Completion.

If the Company fails to pay the sum due under (ii) above, it shall pay interest to Fortunate Pool at the rate of 1% per annum on the outstanding sum from the due date of payment to the date of actual payment and Fortunate Pool is not entitled to rescission in respect of the Phase 1 Foundation Sale Shares transferred at Phase 1 Completion.

CONDITIONS PRECEDENT TO THE COMPLETION OF THE FOUNDATION SPA

The completion of the Foundation SPA is subject to the satisfaction or waiver (where applicable) of the following conditions:

- (i) completion of the Tides Transaction;
- (ii) the Company having obtained the approval of the independent Shareholders in respect of the Foundation Transaction at the SGM or in respect of such other matters in accordance with the applicable requirements under the Listing Rules;
- (iii) no government action, court order or legal proceedings having been taken making the Foundation Transaction unlawful;

- (iv) the warranties given by the Company in the Foundation SPA remaining true and accurate in all material respects and not misleading in any material respects as of Phase 1 Completion or Phase 2 Completion, as the case may be; and
- (v) the warranties given by Fortunate Pool in the Foundation SPA remaining true and accurate in all material respects and not misleading in any material respects as of Phase 1 Completion or Phase 2 Completion, as the case may be.

The Company may waive, in whole or in part, the condition listed in (v) above and Fortunate Pool may waive the condition listed in (iv) above. The conditions set out in (ii) and (iii) above may not be waived by any party and the condition set out in (i) above can only be waived by agreement between the Company and Fortunate Pool.

If any of the above conditions precedent has not been fulfilled or, where applicable, waived on or before 30 September 2016 (or such later date as the parties to the Foundation SPA may agree in writing), then the Foundation SPA shall lapse and be of no further effect, save in respect of certain clauses relating to notices, confidentiality, costs and expenses, and other general provisions, and the parties shall have no claim against or liability or obligation to any other party, save in respect of antecedent breaches.

COMPLETION OF THE FOUNDATION SPA

The Completion of the Foundation SPA will take place in two phases, as follows:

- (i) Phase 1 Completion shall take place on the date of completion of the Tides Transaction (or such other date as the parties to the Foundation SPA may agree in writing), when Fortunate Pool will sell and the Company (or its nominee(s)) will purchase, the Phase 1 Foundation Sale Shares free from all claims and encumbrances but together with all rights attached, accrued or accruing thereto as at the date of Phase 1 Completion, and together with all dividends and distributions declared made or paid or agreed to be made or paid thereon or in respect thereof on or after the date of Phase 1 Completion; and
- (ii) Phase 2 Completion shall take place on a date within 12 months of the date of completion of the Tides Transaction, as mutually agreed by the parties to the Foundation SPA (or such other date as the parties to the Foundation SPA may agree in writing), when Fortunate Pool will sell and the Company (or its nominee(s)) will purchase, the Phase 2 Foundation Sale Shares free from all claims and encumbrances but together with all rights attached, accrued or accruing thereto as at the date of Phase 2 Completion, and together with all dividends and distributions declared made or paid or agreed to be made or paid thereon or in respect thereof on or after the date of Phase 2 Completion.

OTHER TERMS OF THE FOUNDATION SPA

Under the Foundation SPA, the Company, Fortunate Pool and Mr. Fung will procure that, subject to the laws of Hong Kong, TFHK will declare a final dividend for the year ended 31 March 2016 to be paid to the shareholders of THFK on or before the date of completion of the Tides Transaction.

In connection with the Foundation SPA, a service agreement will also be entered into with Mr. Fung and the Group on Phase 1 Completion. Subject to 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 be appointed as the chief executive officer and an executive Director of the Company and will remain as a director of TFHK for a period of 18 months after Phase 1 Completion (or for such longer period as Mr. Fung and the Company may agree), for an increase of 15% of his emoluments (including salary, bonuses and other benefits) in effect on 1 April 2016. The service agreement to be entered into between the Company, TFHK and Mr. Fung if Phase 1 Completion takes place, will also contain non-compete and non-solicitation provisions, which will continue for a period of 12 months after termination or expiry of the service agreement.

INFORMATION ON THE GROUP

Please refer to the section headed “Information on the Company and the Group” of this joint announcement.

INFORMATION ON FORTUNATE POOL AND MR. FUNG

Fortunate Pool is a company incorporated in Hong Kong, and is an investment holding company. Fortunate Pool is wholly owned by Mr. Fung. As at the date of this joint announcement, Fortunate Pool is interested in 40% of the issued TFHK Shares.

Both Fortunate Pool, as a substantial shareholder of TFHK, and Mr. Fung as an executive Director are connected persons of the Company.

INFORMATION ON THE TFHK GROUP

TFHK is a market leading foundation company in Hong Kong, principally engaged in a wide range of foundation and related works, including but not limited to bored piling, percussive H-piling, socket H-piling and mini-piling, excavation and lateral support works, pile cap, substructure and basement construction, footing works, site formation, ground investigation, landslip preventive and slope works and demolition, in public and/or private sectors

Members of the TFHK Group are registered as specialists with the Buildings Department of the Government of Hong Kong, and are registered in certain categories on the list of Approved Suppliers of Materials and Specialist Contractors for Public Works, as kept by the Development Bureau of the Government of Hong Kong, which is responsible for land-use planning, buildings, urban renewal, construction and works and development-related heritage conservation.

Members of the TFHK Group are also approved by the Housing Authority and registered on its list of contractors in the categories of piling (large diameter bored piling and percussive piling), ground investigation works and demolition works.

As at the date of this joint announcement, TFHK is held as to 60% by the Company. Fortunate Pool acquired the Foundation Sale Shares from the Company together with associated shareholder's loan for a total cash consideration of HK\$157 million. Further details of this acquisition are set out in the circular of the Company dated 25 November 2013.

Financial information on the TFHK Group

The unaudited total assets and net assets for the TFHK Group as at 30 September 2015 were HK\$1,797.8 million and HK\$240.3 million, respectively. The financial information of the TFHK Group for the three years ended 31 March 2013, 31 March 2014 and 31 March 2015 and for the six months ended 30 September 2015, is as follows:

	Year ended 31 March			Six months ended 30
	2013 ^{Note}	2014	2015	September
	(unaudited)	(audited)	(audited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net Profit (before taxation and extraordinary items)	48,555	147,436	299,565	157,430
Net Profit (after taxation and extraordinary items)	38,078	129,097	261,497	137,565

Note: The results of the TFHK Group, being 100% owned subsidiaries of the Company, were consolidated into the audited financial statements of the Company. There were no audited consolidated financial statements of the TFHK Group, but the combined financial information was prepared based on the audited financial statements of individual entities comprising the TFHK Group. Prior to a group reorganisation which was completed in September 2012, certain entities comprising the current TFHK Group were not subsidiaries of TFHK, but were under common control by the Company. Therefore, financial information of the TFHK Group for the year ended 31 March 2013 was prepared on the basis "as if they were already subsidiaries of TFHK as at 1 April 2012", so that Shareholders would have a better comparison of like for like. Upon completion of the group reorganisation in September 2012, all entities engaged in foundation piling and related businesses became subsidiaries of TFHK.

REASONS FOR AND BENEFITS OF THE FOUNDATION TRANSACTION

The construction industry in Hong Kong experienced substantial growth from 2010 to 2014 due to infrastructure projects in the public sector.

The construction industry in Hong Kong experienced substantial growth from 2010 to 2014, with its revenue accounting for about 3.3% to 4.3% of the total GDP. The total gross output value of construction works performed by main contractors and subcontractors at construction sites in Hong Kong increased sharply from around HK\$70.5 billion in 2010 to around HK\$155.2 billion in 2014, at a CAGR of about 21.8%. Construction projects in the public sector have been contributing more to the total industry revenue than those in the private sector because of the Public Housing Development Program and the Ten Major Infrastructure Projects.

The total gross output value of construction works performed by main contractors and subcontractors at construction sites in Hong Kong is expected to grow from about HK\$193.4 billion in 2015 to about HK\$448.6 billion in 2019, at a CAGR of about 23.4%. The expected growth is attributed to the Hong Kong government's determination to increase affordable public housing. In particular, it is expected that the Housing Authority will increase its production of public rental housing from about 9,900 units in 2014 to about 16,500 units in 2018, at a CAGR of about 13.6%.

As a part of construction industry, the foundation industry in Hong Kong experienced growth from 2010 to 2014.

The revenue of the foundation industry in Hong Kong grew significantly from about HK\$9.9 billion in 2010 to about HK\$19.4 billion in 2014, at a CAGR of about 18.5%. The growth was attributed to public infrastructure projects and policies to increase residential land supply and housing supply.

The revenue of the foundation industry is forecasted to increase at a CAGR of about 20.6% from 2015 to 2019, from about HK\$24.5 billion to about HK\$51.8 billion. The expected growth is attributed to the expected increase in the demand for residential and commercial buildings.

The foundation industry in Hong Kong is concentrated, with the top 10 foundation work contractors in Hong Kong taking up about 69.2% of the total industry revenue in 2014.

In Hong Kong, TFHK was one of the top 5 contractors in the foundation industry in 2014. In this year, the top five foundation contractors contributed approximately HK\$9.6 billion to Hong Kong's foundation industry.

TFHK recorded about HK\$3.0 billion of revenue in 2014 in the foundation industry in Hong Kong, which accounted for about 15.4% of the total industry revenue of approximately HK\$19.4 billion.

Given the above, the Company was of the view that it is timely to consolidate its investment in the foundation industry. In the Spin-Off Application, the Company was intending to distribute all its interest in the foundation business to the Shareholders, thereby enabling all Shareholders to have a direct interest in such business. However, given that a condition to the completion of the Tides Transaction is the withdrawal of the Spin-Off Application and following the completion of the Tides Transaction, the Shareholders will also benefit from the same offer per Share, the Company has decided instead to purchase more shares in TFHK and eventually come to own 100% of TFHK. Given that the Group's business as a whole has had Mr Fung at its helm, in connection with the Foundation SPA, Mr. Fung will enter into a service agreement and remain as an executive Director of the Company and a director of TFHK for a period of 18 months after Phase 1 Completion (or for such longer period as Mr. Fung and the Company may agree). Therefore the Group will continue to benefit from Mr. Fung's extensive experience and relationship network in the field of consulting engineering, construction management, foundation piling and property development.

The Directors (excluding members of the Independent Board Committee, whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Foundation SPA and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and Shareholders as a whole. Given that Fortunate Pool is wholly owned by Mr. Fung, Mr. Fung has a material interest in the Foundation SPA. At the Board meeting to approve the Foundation SPA, Mr. Fung abstained from voting on the Foundation SPA and his proposed service agreement and, for the purpose of avoiding a perception of a conflict of interest, Mr. Chiu Chin Hung, being the nominee of Fortunate Pool on the board of directors of TFHK, also abstained from voting on the Foundation SPA.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this joint announcement, TFHK is owned as to 60% by the Company, and the remaining 40% is held by Fortunate Pool. Fortunate Pool is wholly owned by Mr. Fung. Therefore both Fortunate Pool, as a substantial shareholder of TFHK, and Mr. Fung as an executive Director are connected persons of the Company. The Foundation Transaction therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Foundation Transaction is greater than 25%, but is less than 100%, the Foundation Transaction also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

The Foundation Transaction is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Tides Holdings II negotiated and decided the principal commercial terms of the Tides Transaction with HNA Finance I without interference from Mr. Fung. According to the Tides SPA, the Tides Transaction can proceed to completion regardless of whether the Foundation Transaction completes.

Mr. Fung was first approached by HNA Finance I in relation to the Foundation Transaction and the two parties negotiated and decided the principal commercial terms between themselves without interference from Tides Holdings II. There is no arrangement between Tides Holdings II and Mr. Fung in relation to the Foundation Transaction. Given that the Tides Transaction can proceed regardless of the Foundation Transaction, Tides Holdings II does not have a material interest in the Foundation Transaction which is not available to the other Shareholders. Therefore, Tides Holdings II may vote at the SGM to be convened for the purpose of approving the Foundation SPA and the transactions contemplated thereunder.

Accordingly, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries and based on the aforesaid, no Shareholder or any of its close associates has any material interest in the Foundation SPA and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Foundation SPA and the transactions contemplated thereunder.

The entering into of the service agreement between Company, TFHK and Mr. Fung as mentioned in the section headed "Other terms of the Foundation SPA" above in this joint announcement is an exempted connected transaction under Rule 14A.95 of the Listing Rules.

As at the date of this joint announcement, neither Mr. Fung nor Fortunate Pool is a Shareholder.

SHAREHOLDERS' CIRCULAR

The SGM will be convened and held for the purpose of considering, and if thought fit, approving the Foundation SPA and the transactions contemplated thereunder. The Company expects that the circular containing, amongst other things, (i) further details of the Foundation Transaction; (ii) a letter from the Independent Board Committee containing its recommendations to the Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders; and (iv) the notice of the SGM, will be dispatched to the Shareholders on or before 11 May 2016.

INDEPENDENT BOARD COMMITTEE OF THE COMPANY AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Fan Chor Ho, Mr. Tse Man Bun, Mr. Lung Chee Ming, George and Mr. Li Kit Chee, has been established to give a recommendation to the Independent Shareholders (a) in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer and (b) in respect of the Foundation Transaction, as to whether the Foundation SPA and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and whether the Foundation SPA and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned. Mr. Wang Tianbing, Mr. Stuart Morrison Grant, Mr. Justin Wai and Mr. Law Yiu Fat Richard, being all the non-executive Directors, have not been included in the Independent Board Committee required to be established under the Takeovers Code, given that they are Directors nominated onto the Board by the ultimate shareholder of Tides Holdings II, the vendor in the Tides Transaction.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to the matters above. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

OTHERS

Withdrawal of Spin-Off Application

Reference is made to the announcement of the Company dated 8 January 2016 in relation to the Spin Off Application made by TFHL to the Stock Exchange for the spin off and separate listing of the shares of TFHL and the foundation business of the Group, operated by the TFHK Group.

Given that a condition to the completion of the Tides Transaction is the withdrawal of the Spin-Off Application, the sponsor to the Spin-Off Application will make an application to the Stock Exchange to withdraw the Spin-Off Application.

Payments under the Management Incentive Scheme

In the year ended 31 March 2015, the Company had also adopted, as stated in its annual report, an incentive scheme in favour of its Directors and the Group's senior management calculated by reference to dividends declared by the Company. A term of this incentive scheme is that in the event there is a change in control of the Company, unvested rights in this incentive scheme will vest immediately and no further grants will be made but an aggregate payment will be made to participants in that incentive scheme equal to 4.5% of the value of the Company as determined at completion of the Tides Transaction. Completion of the Tides Transaction will trigger an aggregate payment of about HK\$197.98 million under the incentive scheme. Of this amount, Mr. Fung, Mr. Chiu Chin Hung and Mr. Lau Kin Fai, being executive Directors, will receive about HK\$98.99 million, HK\$29.7 million and HK\$29.7 million respectively and the remaining four members of senior management (who are not Directors) will receive payments ranging from about HK \$8 million to HK\$11.88 million.

WARNING: Shareholders and/or potential investors of the Company should note that, as the making of the Offer is subject to the completion of the Tides SPA which in turn is subject to the satisfaction of a number of conditions, the Offer may or may not be made. Accordingly, the issue of this announcement does not imply that the Offer will be made or will be completed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Shareholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offer. Insofar as the Company is concerned, this joint announcement is made in compliance with the Takeovers Code for the sole purpose of informing Shareholders of the fact that the Company has been informed that the Offer may be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement and strongly recommend Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendations of the Independent Board Committee in respect of the Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors of the Company are reminded that completion of the Foundation Transaction is subject to the fulfilment and/or waiver of a number of conditions precedent, and therefore the Foundation Transaction may or may not proceed.

Shareholders and potential investors are reminded to exercise caution when trading in Shares.

DEFINITIONS

In this joint announcement, the following terms have the meanings set out below, unless the context requires otherwise:

acting in concert	has the meaning given to it in the Takeovers Code
Additional Earnest Money	the additional earnest money in the aggregate sum of HK\$80 million which may be paid by HNA Finance I to Tides Holdings II on or before the Long Stop Date pursuant to the Tides SPA
associate(s)	has the meaning given to it in the Takeovers Code
Board	the board of Directors
Business Day	a day on which banks are generally open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)

CAGR	compound annual growth rate, a method of assessing the average growth of a value over time
CCBI	CCB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, one of the joint financial advisers to HNA Finance I
Closing Date	the date to be stated in the Composite Document as the first closing date of the Offer
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 687)
Composite Document	the proposed composite offer and response document to be issued jointly by HNA Finance I and the Company to the Shareholders in accordance with the Takeovers Code in relation to the Offer
Concert Parties	in relation to HNA Finance I, persons acting in concert with HNA Finance I
controlling shareholder	has the meaning given to it in the Listing Rules
Director(s)	director(s) of the Company
Earnest Money	the earnest money in the aggregate sum of HK\$200 million paid by HNA Finance I to Tides Holdings II
Encumbrance	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
Executive	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

Final Dividend	any final dividend which may be declared in respect of the Company's results for the financial year ended 31 March 2016
Fortunate Pool	Fortunate Pool Limited (祥澤有限公司), a company incorporated in Hong Kong with limited liability which is wholly owned by Mr. Fung
Foundation Sale Shares	in aggregate, the Phase 1 Foundation Sale Shares and the Phase 2 Foundation Sale Shares, representing in aggregate 40% of the issued shares of TFHK
Foundation SPA	the sale and purchase agreement dated 19 April 2016 entered into between the Company, Fortunate Pool and Mr. Fung in relation to the sale by Fortunate Pool and purchase by the Company of the Foundation Sale Shares
Foundation Transaction	the sale and purchase of the Foundation Sale Shares pursuant and subject to the terms and conditions of the Foundation SPA
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
HKICM	Hong Kong International Capital Management Limited, a licensed corporation to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, one of the joint financial advisers to HNA Finance I
HNA Finance I	HNA Finance I Co., Ltd., a company incorporated in Anguilla with limited liability and a wholly-owned subsidiary of HNA Group Co., Ltd.
Hong Kong	the Hong Kong Special Administrative Region of the PRC

Independent Board Committee	an independent board committee of the Board established pursuant to (i) the Takeovers Code to give recommendations to the Independent Shareholders in respect of the Offer and (ii) the Listing Rules to give recommendations to the Independent Shareholders in respect of the Foundation SPA and the transactions contemplated thereunder
Independent Financial Adviser	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser to (i) the Independent Board Committee and the Independent Shareholders in relation to the Offer; and (ii) the Independent Board Committee and the Independent Shareholders in respect of the Foundation SPA and the transactions contemplated thereunder
Independent Shareholders	(i) in respect of the Offer, the Shareholders apart from HNA Finance I and its Concert Parties; and (ii) in respect of the Foundation Transaction, Shareholders other than those who have a material interest in the Foundation Transaction (within the meaning of the Listing Rules) or who are otherwise required to abstain from voting at the SGM under the Listing Rules
Last Trading Date Before Initial Announcement	8 March 2016, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Company's announcement dated 9 March 2016 pursuant to Rule 3.7 of the Takeovers Code
Last Trading Date Before Joint Announcement	19 April 2016, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this joint announcement pursuant to Rule 3.5 of the Takeovers Code
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Long Stop Date	the long stop date for fulfilment or waiver of the Conditions Precedent under the Tides SPA, being 31 August 2016

MOFCOM	the Ministry of Commerce of the PRC (中華人民共和國商務部)
Mr. Fung	Mr. Fung Chiu Chak, Victor, the vice chairman, managing director and an executive Director of the Company
Offer	the possible mandatory unconditional cash offer to be made by CCBI on behalf of HNA Finance I to acquire all the Shares not already owned by HNA Finance I and its Concert Parties
Offer Price	the price per Offer Share payable in cash by HNA Finance I on the terms of the Offer
Offer Shares	the Shares which are subject to the Offer
Phase 1 Completion	the completion of the sale and purchase of the Phase 1 Foundation Sale Shares under the Foundation SPA
Phase 1 Consideration	HK\$732,191,600, being the consideration payable by the Company for the Phase 1 Foundation Sale Shares
Phase 1 Foundation Sale Shares	35 TFHK Shares, representing 35% of the issued shares of TFHK
Phase 2 Completion	the completion of the sale and purchase of the Phase 2 Foundation Sale Shares under the Foundation SPA
Phase 2 Consideration	HK\$104,598,800, being the consideration payable by the Company for the Phase 2 Foundation Sale Shares
Phase 2 Foundation Sale Shares	5 TFHK Shares, representing 5% of the issued shares of TFHK
PRC	the People's Republic of China, which expression, solely for the purpose of construing this joint announcement, except where the context requires, does not include Hong Kong, Macau or Taiwan
SFC	Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SGM	a special general meeting of the Company to be convened to seek the approval of the Independent Shareholders in respect of the Foundation SPA and the transactions contemplated thereunder
Shareholders	holders of Shares
Shares	ordinary shares of HK\$0.1 each in the share capital of the Company
Spin-off Application	the application to spin off and separately list TFHL, a subsidiary of the Company, on the Stock Exchange as announced by the Company on 8 January 2016
Stock Exchange	The Stock Exchange of Hong Kong Limited
Takeovers Code	the Hong Kong Code on Takeovers and Mergers
TFHK	Tysan Foundation (Hong Kong) Limited, a private limited company incorporated in Hong Kong and a subsidiary of the Company owned as to 60% by the Company and as to 40% by Fortunate Pool as at the date of this joint announcement
TFHK Group	TFHK and its subsidiaries
TFHK Shares	the ordinary shares of TFHK
TFHL	Tysan Foundation Holdings Limited, a company incorporated in Bermuda, and wholly owned by the Company
Tides Holdings II	Tides Holdings II Ltd., a company incorporated in British Virgin Islands
Tides Conditions Precedent	conditions precedent to the Tides SPA
Tides Sale Shares	577,279,496 Shares, representing approximately 66% of the issued Shares
Tides SPA	the Tides SPA dated 19 April 2016 between HNA Finance I and Tides Holdings II in relation to the sale by Tides Holdings II and purchase by HNA Finance I of the Tides Sale Shares

Tides Term Sheet	the term sheet dated 31 March 2016 between Tides Holdings II and HNA Finance I in respect of the Tides Transaction
Tides Transaction	the sale and purchase of the Tides Sale Shares pursuant to the terms of the Tides SPA
%	per cent.
*	English translations of company names from the Chinese language are marked with “*” and are provided for identification purposes only

Directors

As at the date of this joint 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 joint announcement (other than any information relating to HNA Finance I and its Concert Parties, and any information relating to Fortunate Pool and Mr. Fung) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by HNA Finance I and its Concert Parties, Fortunate Pool and Mr. Fung (other than in his capacity as an executive Director)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of HNA Finance I are Mr. Sun, Kin Ho Steven and Ms. Wang Xiaoqiong. The directors of HNA Finance I jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, the directors of HNA Group Co., Ltd. are Mr. Chen Feng, Mr. Wang Jian, Mr. Li Xianhua, Mr. Tan Xiangdong, Mr. Chen Wenli, Mr. Lu Ying, Mr. Huang Gan, Mr. Zhang Ling and Mr. Huang Qijun. The directors of HNA Group Co., Ltd. jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, Tides Holdings II, Fortunate Pool, Mr. Fung or any of their associates or any parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, Mr. Fung is the sole director of Fortunate Pool. Mr. Fung accepts full responsibility for the accuracy of the information contained in this joint announcement relating to Fortunate Pool and himself or any of their associates and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement relating to Fortunate Pool and Mr. Fung (other than in his capacity as an executive Director) or any of their associates have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

By order of the board
HNA Finance I Co., Ltd.
Sun, Kin Ho Steven
Director

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

Hong Kong, 19 April 2016

Hong Kong, 19 April 2016