TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors (the "Board") of Tysan Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the year ended 31 March 2009 as follows:

Consolidated Income Statement

	Notes	**2010** *HK$'000*	**2009** *HK$'000*
REVENUE	2	2,134,517	2,784,090
Cost of sales		(1,415,300)	(1,980,220)
Gross profit		719,217	803,870
Other income and gains	3	30,754	23,195
Selling expenses		(18,884)	(15,250)
Administrative expenses		(43,475)	(53,191)
Changes in fair value of investment properties		71,840	(28,646)
Other expenses, net		(5,200)	(17,688)
Finance costs	4	(11,721)	(25,434)
Share of profits of associates		277	—
PROFIT BEFORE TAX	5	742,808	686,856
Income tax expense	6	(353,860)	(266,092)
PROFIT FOR THE YEAR		388,948	420,764
Attributable to:			
Ordinary equity holders of the Company		271,424	346,675
Minority interests		117,524	74,089
		388,948	420,764
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK32.34 cents	HK41.37 cents
Diluted		HK32.09 cents	N/A

Details of the dividends are disclosed in note 7 to the financial statements.

Consolidated Statement of Comprehensive Income

	2010 *HK$'000*	**2009** *HK$'000*
PROFIT FOR THE YEAR	388,948	420,764
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of financial statements of overseas subsidiaries	16,203	32,748
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	16,203	32,748
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	405,151	453,512
Attributable to:		
Ordinary equity holders of the Company	280,361	367,345
Minority interests	124,790	86,167
	405,151	453,512

Consolidated Statement of Financial Position

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		181,211	176,339
Investment properties		1,258,540	1,206,160
Prepaid land lease payments		100,786	103,566
Properties under development		346,769	309,862
Deposits paid		353,514	348,835
Interests in associates		19,632	—
Other assets		1,020	1,000
Deferred tax assets		63,071	29,051
Restricted cash		22,836	—
Total non-current assets		2,347,379	2,174,813
CURRENT ASSETS			
Properties under development		265,888	270,374
Equity investments at fair value through profit or loss		4,002	2,501
Inventories		25,910	31,283
Properties held for sale		197,649	473,876
Amounts due from customers for contract works		92,639	53,818
Trade receivables	9	397,441	300,165
Other receivables, prepayments and deposits		56,947	33,739
Derivative financial instruments		12	—
Tax prepaid		7,403	7,035
Time deposits		952,375	96,477
Restricted cash		91,344	56,675
Cash and bank balances		396,865	125,416
Total current assets		2,488,475	1,451,359
CURRENT LIABILITIES			
Trade payables and accruals	10	376,529	406,904
Other payables, deposits received and receipts in advance		38,012	55,304
Derivative financial instruments		293	—
Amounts due to customers for contract works		201,434	132,106
Deposits received		438,315	34,853
Interest-bearing bank borrowings		194,537	396,851
Tax payable		420,440	144,464
Total current liabilities		1,669,560	1,170,482
NET CURRENT ASSETS		818,915	280,877
TOTAL ASSETS LESS CURRENT LIABILITIES		3,166,294	2,455,690

	Notes	2010 HK$'000	2009 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		3,166,294	2,455,690
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		510,238	242,579
Derivative financial instruments		1,453	—
Loan from an associate		24,560	—
Deferred tax liabilities		345,027	278,419
Total non-current liabilities		881,278	520,998
Net assets		2,285,016	1,934,692
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		84,531	83,821
Reserves		1,389,611	1,127,257
		1,474,142	1,211,078
Minority interests		810,874	723,614
Total equity		2,285,016	1,934,692

Notes:

1. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

a) The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and *HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment *	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives and* HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary,* which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised), HKFRS 7 and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 2 to the financial statements.

b) The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	*Amendments to* HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters* [2]
HKFRS 1 Amendment	*Amendments to* HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]

Amendments to HKFRS 5 included *in Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 and 2010 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation. The amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have significant impact on its results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

	Foundation piling HK$'000	E&M engineering and building construction HK$'000	Machinery leasing and trading HK$'000	Property investment and management HK$'000	Property development HK$'000	Unallocated HK$'000	Consolidated HK$'000
2010							
Segment revenue	919,593	41,923	16,405	103,247	1,053,349	—	2,134,517
Segment results	94,870	838	(2,067)	111,701	588,770	(41,255)	752,857
Interest income							1,301
Dividend income from listed investments							94
Finance costs							(11,721)
Share of profits of associates							277
Profit before tax							742,808
Income tax expense							(353,860)
Profit for the year							388,948

	Foundation piling HK$'000	E&M engineering and building construction HK$'000	Machinery leasing and trading HK$'000	Property investment and management HK$'000	Property development HK$'000	Unallocated HK$'000	Consolidated HK$'000
2009							
Segment revenue	1,346,515	134,505	15,954	104,969	1,182,147	—	2,784,090
Segment results	172,712	9,056	6,292	11,683	570,298	(59,716)	710,325
Interest income							1,631
Dividend income from listed investments							334
Finance costs							(25,434)
Profit before tax							686,856
Income tax expense							(266,092)
Profit for the year							420,764

Geographical information

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	967,682	1,366,587	10,774	128,698	1,156,061	1,288,805	2,134,517	2,784,090

3. OTHER INCOME AND GAINS

	2010	2009
	HK$'000	*HK$'000*
Interest income	1,301	1,631
Insurance claims	993	7,306
Gain on disposal and write-off of items of property, plant and equipment	12,098	1,283
Gain on disposal of an investment property	7,598	897
Gain on disposal of partial interest in a subsidiary	—	410
Fair value gains on equity investments at fair value through profit of loss	1,501	—
Subsidy income*	3,224	7,681
Foreign exchange gains, net	394	53
Others	3,645	3,934
	30,754	23,195

* There are no unfulfilled conditions or contingencies relating to this income.

4. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts wholly repayable within five years	12,641	28,294
Less: Interest capitalised in properties under development	(920)	(2,860)
	11,721	25,434

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Depreciation	44,216	49,428
Recognition of prepaid land lease payments	2,781	2,780
Impairment of trade receivables	140	1,220
Write-down/(reversal of write-down) of inventories to net realisable value	(21)	8,963
Gain on disposal and write-off of items of property, plant and equipment	(12,098)	(1,283)
Gain on disposal of an investment property	(7,598)	(897)
Loss/(gain) on disposal of partial interests in subsidiaries, net	143	(410)
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	(1,501)	4,294
Derivative instruments - transaction not qualifying as hedge	2,135	—
Impairment of an amount due from an associate	10	10
Dividend income from listed investments	(94)	(334)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	8,520	6,046
Elsewhere	313,971	267,522
	322,491	273,568
Underprovision/(overprovision) in the prior year:		
PRC:		
Hong Kong	463	(132)
Elsewhere	40	428
	503	296
Deferred tax	30,866	(7,772)
Total tax charge for the year	353,860	266,092

7. DIVIDENDS

	2010	**2009**
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2009 – HK1.5 cents per ordinary share (year ended 31 March 2008: HK1.5 cents per ordinary share)	12,573	12,562
Interim – HK1.5 cents (2009: HK1.0 cent)	12,588	8,382
	25,161	20,944
Proposed final dividend:		
Final – HK3.0 cents (2009: HK1.5 cents) per ordinary share	25,359	12,573

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$271,424,000 (2009: HK$346,675,000), and the weighted average number of 839,191,793 (2009: 837,930,287) ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 March 2010 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$271,424,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year of 6,582,678.

No diluted earnings per share amount is presented for the year ended 31 March 2009 since the exercise price of the share options of the company outstanding during the year is higher than the average market price of the Company's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	282,348	173,752
91 to 180 days	1,759	245
181 to 360 days	1,643	2,077
Over 360 days	32	117
	285,782	176,191
Retention receivables	111,659	123,974
	397,441	300,165

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 90 days, and are subject to periodic review by management.

10. TRADE PAYABLES AND ACCRUALS

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	2010	2009
	HK$'000	*HK$'000*
Trade payables:		
Within 30 days	98,525	205,260
31 to 90 days	3,718	1,398
91 to 180 days	481	8,071
Over 180 days	10,168	4,550
	112,892	219,279
Retention payables	112,894	90,728
Accruals	150,743	96,897
	376,529	406,904

11. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2010	2009
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds	135,154	154,041

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.03 (2008/09: HK$0.015) per share to shareholders whose names appear on the Company's register of members on 3 August 2010. An interim dividend of HK$0.015 was paid for the six months ended 30 September 2009 (2008/09: HK$0.01). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before 16 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 July 2010 to 3 August 2010 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attending the forthcoming annual general meeting and for entitlement to the proposed final dividend for the year ended 31 March 2010, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 29 July 2010.

BUSINESS REVIEW

Hong Kong Market

As a result of the global financial crisis, Hong Kong's GDP declined 2.8% in year 2009. However, with the sheltering effect of China and the Hong Kong government proactive measures, Hong Kong's economy has undergone a recovery and achieved a GDP growth of 8.2% in the first quarter of 2010. Likewise, the construction sector also experienced a recovery with both the private and public sectors becoming active in the market.

Foundation Piling

The Group's foundation division performed well during the year under review with a turnover of HK$920 million and net contribution of HK$95 million. It is noteworthy to mention that the majority of the Group's contracts during the year under review were from the private sector while the Group's major contracts currently on hand include, inter alia, Express Rail Link at West Kowloon Terminus site A, Project Interlink and Henderson's project in Tai Tong, Yuen Long. This demonstrates well that the Group has already started to benefit from the government's huge infrastructure roll-out and is confident in its coming order book.

Other Construction Related Sectors

As a result of a restructuring, the building construction division became an associate of the Group commencing August 2009 which partly explained the substantial drop in the turnover of electrical and mechanical engineering division and building construction division from HK$135 million to HK$42 million in the year under review. Profit derived from the divisions was flat but the Group expects better performance in the coming year as the construction market improves.

The machinery hiring and trading division recorded a turnover of HK$16 million but incurred a loss of HK$2 million as it experienced a decrease in gross margin for the year under review. With the infrastructure projects and private development projects coming into play, the demand for tower cranes has increased and the Group thus expects the division to return to profitability in the coming year.

PRC Market

Shanghai, Tianjin and Shenyang, the three cities where the Group's property projects are located, continue to rank among the highest growth cities in China. In 2009, China's GDP grew 8.7% to over Rmb33,535 billion with a per capita GDP of Rmb25,125. Shanghai recorded a GDP growth of 8.2% to Rmb1,490 billion with a per capita GDP of Rmb77,556. Tianjin experienced a GDP growth of 16.5% to Rmb750 billion with a per capita GDP of Rmb62,403 while Shenyang achieved a GDP growth of 14.1% to Rmb436 billion with a per capita GDP of Rmb55,816 in 2009.

Property Investment and Management

The Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the year under review amounted to HK$103 million as compared to HK$105 million last year while net contribution (excluding revaluation gain / loss) remained stable at HK$40 million. During the period under review, the Group sold 13 units of Aidu, realizing a gain of approximately HK$7.6 million.

As stated in the Group's announcement dated 23 June 2010, the Group has entered into an agreement to dispose of its 46.6% interest in Tianjin International Building. Upon completion, the Group is expected to use the proceeds as general working capital, for future investment purpose and for repayment of bank loans.

The Group's property management division continues to play a vital role as it provides quality services to the Group's tenants and residents. The Group expects the property management team to expand its business to Tianjin, ie. The Riverside, our Tianjin development project.

Property Development

The Group's development project in Shanghai continues to be the sole contributor to the division for the year under review. With its remaining unsold area together with the upcoming Tianjin project, the Group is confident that this division will continue to contribute substantial income in the coming financial years.

The Waterfront

For the year under review, the Group's residential project in Shanghai, The Waterfront, recognized HK$1.05 billion as revenues as compared to HK$1.18 billion last year while contribution to profit amounted to HK$589 million as compared to HK$570 million last year. The Group launched the pre-sale of one of its low-rise towers in November 2009 and the response was satisfactory. Based on the latest selling price of the project, the remaining unsold area of the development is estimated to be worth over HK$1.7 billion. With the recent central government's credit tightening policies, buyers have become more cautious and applied a wait-and-see attitude. The Group thus expects sales to slowdown but does not anticipate a substantial decrease in property price as Shanghai's economy continues to grow at a healthy pace and land cost within the inner ring area remains stable.

The Riverside

The Riverside, a downtown residential development along the Haihe river in Tianjin, comprises 6 blocks of 30-storey towers with a total GFA of approximately 75,000 sqm. All of the towers will be completed to roof level by July 2010 and show flats will be ready for viewing in the second half of the year. Subject to market conditions and demand, the Group is ready to launch the pre-sale in the last quarter of the year and is confident about the prospect of this project.

Shenyang Project

The site in Shenyang is located at Huanggu District with a site area of about 41,340 sqm and a GFA of approximately 165,000 sqm and will comprise of both residential and commercial development. The project is currently at the design and planning approval stage. With double digit GDP growth in Shenyang, high standard quality properties are in increasing demand and the Group is confident that the market will appreciate the uniqueness of this property development.

PROSPECTS

Globalization has made national economies more and more interdependence and intertwined. As a result, the world economy becomes very cyclical as it needs to react to many events which include, inter alia, the financial crisis in the United States, the setback of Euro following the Greek financial crisis, the appreciation of Rmb and the potential wage hikes in China etc.. As compared to other economies, Hong Kong's economy is relatively safe as it has a solid China shelter. With the government's implementation of the mega infrastructure projects, the local construction industry is gearing itself up for a boom. The Group, being a leader in the foundation industry, is optimistic about the prospect of its foundation business in the coming years.

The PRC central government's recent tightening measures which include more stringent mortgage requirements have so far reduced transaction volume and curbed the increase in property price. As China's property market is a policy driven market, such measures can be anticipated since long term price stability has always been the aim. To tackle such policy driven fluctuations, the Group maintains a solid financial position so that even if shrinkage in sales persist, its cash flow status will remain healthy. With the Group's cash on hand of approximately HK$1.5 billion in cash plus a PRC land bank of over 270,000 sqm GFA. This, we believe this will give the Group an edge either way the economy swings.

All in all, the Group is confident in the long term outlook of the China property market and believes that the recent measures are healthy corrections. To continue its smooth sail in the China property market, the Group is of the view that a combination of quality assets and a decent level of cash should be the best strategy at this time since on one hand it can defend against possible inflation and on the other can capture and ride on waves of opportunities when they arise.

FINANCIAL REVIEW

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2010, the Group's cash on hand was approximately HK$1,463 million (31 March 2009: HK$279 million) while total assets and net assets (after deducting minority interests) were approximately HK$4,836 million (31 March 2009: HK$3,626 million) and HK$1,474 million (31 March 2009: HK$1,211 million) respectively. As at 31 March 2010, the Group's working capital amounted to HK$819 million.

During the year under review, the Group, in view of the prevailing relatively low interest rates, had successfully closed a club deal and raised a HK$300 million 5-year term loan mainly to refinance its HK$185 million term loan raised in year 2007. The club deal was well received by HSBC, Hang Seng Bank, BNP and Wing Hang Bank and more importantly signifies the bankers' continued confidence in and support to the Group.

As at 31 March 2010, the Group's did not have any net debt gearing and recorded a net cash balance of HK$759 million while net borrowings and net debt to equity (includes minority interests) gearing ratio were HK$361 million and 19 per cent respectively as at 31 March 2009. Contingent liabilities in relation to guarantees of performance bonds decreased from HK$154 million as at 31 March 2009 to HK$135 million as at 31 March 2010. Certain of the Group's assets with a book value of approximately HK$633 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings are mostly denominated in Hong Kong dollars but Renminbi and Euro loan facilities have also been arranged. Currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue generated by its PRC properties while currency exposure in Euro has been monitored by entering Euro forward contracts when the need arises.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,400 employees as at 31 March 2010. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2010 except for the following deviations:

Code Provision A4.1 stipulates that non-executive directors should be appointed for a specific term subject to re-election

The independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. As such, the Board is of the view that the non-executive directors of the Company need not be appointed for a specific term.

Code Provision A4.2 stipulates every director should be subject to retirement by rotation at least once every three years

According to the Bye-laws of the Company, at each annual general meeting, one third of the directors shall retire from office by rotation provided that notwithstanding anything therein. The chairman of the Board and the managing director of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuity is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman and the managing director provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board and the managing director of the Company should not be subject to retirement by rotation.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2010.

AUDIT COMMITTEE

The Group's Audit Committee has adopted new terms of reference in 2009 in order to comply with the requirements of the code provisions of the Code. The Group's Audit Committee comprises three members, namely, Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George, who are independent non-executive directors of the Company. The Group's Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's audited financial statements for the year ended 31 March 2010.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication, hard work and contribution especially during such challenging period. In addition, I would also like to thank all our shareholders for their support of the Group.

On behalf of the Board
FRANCIS CHEUNG
Chairman

Hong Kong, 23 June 2010

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

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