THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tysan Holdings Limited, you should at once hand this circular and the accompanying proxy form, if any, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 687)

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION JOINT DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

AND

(2) POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION POTENTIAL ACQUISITION OF EQUITY INTEREST FROM A SUBSIDIARY'S SUBSTANTIAL SHAREHOLDER

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

CENTURION CORPORATE FINANCE LIMITED

A letter from the Board is set out on pages 8 to 21 of this circular and a letter from the Independent Board Committee is set out on pages 22 and 23 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 24 to 40 of this circular.

A notice convening a special general meeting of Tysan Holdings Limited to be held at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Monday, 16 August 2010 is set out on pages 102 and 103 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and deposit the same at the principal place of business of Tysan Holdings Limited in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

28 July 2010

CONTENTS

In this circular, unless the context indicates or specifies otherwises, the following defined expressions have the following meanings:

"Acquisition Agreement"	in relation to the Potential Acquisition, the agreement to be entered into between Consco and TCE and/or TPRE and/or the relevant PRC authorities providing to the effect that the Remaining Equity Interest is being transferred from TCE to Consco at the Auction Bid (if the Auction was conducted and the Auction Bid is the only or highest bid submitted during the Auction Period) or at the Agreed Price and subject to such other terms conditions as may be agreed between TCE and Consco (in the event that Consco is the only Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction) as the case may be
"Acquisition Price"	in relation to the Potential Acquisition, the price at which, depending on the circumstances, that Consco may acquire the Remaining Equity Interest from TCE, being either the amount of the Auction Bid (in the event that there are two or more Qualified Intended Purchasers, and that the Auction Bid is the highest bid submitted during the Auction), or the Agreed Price (in the event that Consco shall be the only Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction)
"Acquisition Mandate"	in relation to the Potential Acquisition, the mandate sought to be granted by the Shareholders to the Directors through the Proposed Resolutions whereby the Directors are to be authorized to effect the Potential Acquisition at the Acquisition Price as may be deemed appropriate by the Directors provided that the same shall not exceed HK$180 million
"Adjustment"	the addition to or deduction from the amount payable for the Sale Shares under the Disposal Consideration and the resultant payment by the Purchaser to the Sellers or vice versa, as the case may be, under the terms and conditions of the Disposal Agreement depending on whether the aggregate of the net book value of "property, plant and equipment" and the net current assets value less any deferred tax liability (other than deferred tax liability arising from the Property) as shown in the Projected Completion Accounts is more than or less than their corresponding figures as shown in the Completion Accounts of Consco

"Agreed Price"	in relation to the Potential Acquisition, in the event that Consco shall be the only Qualified Intended Purchaser and TCE shall choose to negotiate with Consco regarding the Acquisition Price in lieu of the Auction, such price, not exceeding the Acquisition Mandate, as may be agreed between Consco and TCE for the acquisition of the Remaining Equity Interest
"associates"	has the same meaning as ascribed to this term under the Listing Rules
"Auction"	in relation to the Potential Acquisition, following expiry of the Listing Period, the auction to be conducted by TPRE or other applicable exchange within the Auction Period during which a Qualified Intended Purchaser may submit an auction bid for the Remaining Equity Interest
"Auction Bid"	in relation to the Potential Acquisition, following expiry of the Listing Period, and in the event that the Auction be conducted, the bid to be submitted by Consco to TPRE or other applicable exchange in a sum as may be deemed appropriate by the Directors (provided that the sum shall not exceed the Acquisition Mandate) for the acquisition of the Remaining Equity Interest from TCE in order to effect the Potential Acquisition
"Auction Period"	in relation to the Potential Acquisition, following expiry of the Listing Period, and in the event that the Auction be conducted, the period to be specified by the TPRE during which auction bids for the Remaining Equity Interest may be submitted by the Qualified Intended Purchasers
"Board"	the board of directors of the Company
"business day"	any day on which commercial banks are open for business in Hong Kong, the PRC, Singapore and Australia, and in particular, excluding Saturdays
"Company"	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares and the Debt pursuant to the terms of the Disposal Agreement

"Completion Accounts"	the unaudited consolidated balance sheet of Consco as at the date of Completion and the unaudited consolidated profit and loss accounts of Consco for the period from 1 January 2010 to the date of Completion
"Conditions Precedent"	the conditions precedent set out in the Disposal Agreement which, unless otherwise agreed between the Sellers and the Purchaser, must be satisfied on or before 31 December 2010 in order for Completion to take place
"connected persons"	has the meaning ascribed to this term under the Listing Rules
"Consco"	Consco Investment Company Limited, a company incorporated in Hong Kong with limited liability
"Debt"	the shareholders' loans owed and repayable by Consco to the Sellers
"Deposit Escrow Agent"	Hang Seng Bank (Trustee) Limited or such other deposit escrow agent as may be jointly appointed by the Sellers and the Purchaser
"Director(s)"	the director(s) of the Company
"Disposal"	the sale of the Sale Shares by the Sellers to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
"Disposal Agreement"	the Sale and Purchase Agreement dated 12 June 2010 entered into between the Sellers and the Purchaser in relation to the Disposal
"Disposal Consideration"	the total amount payable by the Purchaser to the Sellers, subject to the Adjustment under the Disposal Agreement in respect of the Purchaser's acquisition of the Sale Shares as well as all the Sellers' benefits in the Debt
"Escrow Account"	a multi-currency account maintained by the Deposit Escrow Agent for the purpose of receiving the deposits payable by the Purchaser to the Sellers pursuant to the Disposal Agreement
"Group"	the Company and its subsidiaries before the Completion
"Guarantee Payment"	in relation to the Potential Acquisition, the guarantee payment or initial deposit that must be paid by an Intended Purchaser as one of the prescribed conditions before the Intended Purchaser concerned may become a Qualified Intended Purchaser

"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent board committee of the Company comprising all the Independent Non-Executive Directors
"Independent Financial Adviser"	Centurion Corporate Finance Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO, being the independent financial adviser appointed by the Company to advise the independent board committee and the independent Shareholders
"Independent Non-Executive Directors"	the independent non-executive directors of the Company, namely Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George
"independent third party" and "independent third parties"	have the same meanings as ascribed to them in Listing Rules
"Intended Purchaser"	in relation to the Potential Acquisition, an intended purchaser of the Remaining Equity Interest in accordance with the prevailing rules and regulations governing the sale and transfer of state-owned properties and investments
"Latest Practicable Date"	26 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Letter of Confirmation"	in relation to the Potential Acquisition, in the event that Consco shall become the Successful Intended Purchaser, the letter of confirmation or other document to be issued by TPRE, or other PRC authorities concerned, in favour of Consco confirming to the effect that Consco shall have the right to acquire the Remaining Equity Interest from TCE
"Listing Notice"	in relation to the Potential Acquisition, the notice whereby the Remaining Equity Interest was listed by TCE for Intended Purchasers to submit a Notice of Intention within the Listing Period
"Listing Period"	in relation to the Potential Acquisition, the time period from 25 June 2010 to 22 July 2010, both dates inclusive, during which an Intended Purchaser may submit to the TPRE or other relevant authorities a Notice of Intention

"Listing Price"	in relation to the Potential Acquisition, RMB 142.8 million, being the price at which the Remaining Equity Interest was listed in the Listing Notice inviting Notices of Intention to be submitted by the Intended Purchasers for the purchase of the Remaining Equity Interest
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the People's Republic of China
"Notice of Intention"	in relation to the Potential Acquisition, a notice to be submitted by an Intended Purchaser within the Listing Period expressing its intention to acquire the Remaining Equity Interest and setting out therein and/or submitting therewith the relevant and prescribed information and documents of or regarding the Intended Purchaser concerned for the relevant authorities to ascertain whether or not the Intended Purchaser concerned can become a Qualified Intended Purchaser
"Potential Acquisition"	the potential acquisition by Consco of the Remaining Equity Interest free from incumbrances such that Consco shall become the sole owner of the entire registered capital of TIBC
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, Macau and Taiwan
"Projected Management Accounts"	the pro-forma unaudited consolidated balance sheet of Consco and TIBC as at 30 September 2010 and the pro-forma unaudited consolidated profit and loss accounts of Consco and TIBC for the nine months ending 30 September 2010
"Projected Completion Accounts"	the pro-forma unaudited consolidated balance sheet of Consco as at the date of Completion and the pro-forma unaudited consolidated profit and loss accounts of Consco for the period ending on the date of Completion
"Property"	the property at 75 Nanjing Road, Heping District, Tianjin in the PRC
"Proposed Resolutions"	the resolutions proposed to be passed as ordinary resolutions of the Company at the SGM to approve the Disposal Agreement and all transactions contemplated thereunder, including, without limitation, the Potential Acquisition, the Acquisition Mandate, the Disposal and matters in relation thereto

"Purchaser"	Arraya Worldwide Inc., a company incorporated in the British Virgin Islands with limited liability
"Qualified Intended Purchaser"	in relation to the Potential Acquisition, an Intended Purchaser who has submitted a Notice of Intention during the Listing Period and who in all other respects qualifies all the prescribed conditions set out for the Intended Purchasers in the Listing Notice, including, without limitation, payment of the Guarantee Payment
"Remaining Equity Interest"	the 20% of the equity interest in the registered capital of TIBC, which is currently held by TCE
"Remaining Group"	the Group immediately after the Completion
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the entire issued share capital of Consco
"Seller" or "Sellers"	any one of TDC, Stonehill and TAIC individually; or TDC, Stonehill and TAIC collectively, as the case may be
"SFO"	the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
"SGM"	the special general meeting of the Company to be convened and held to consider and, if thought fit, pass the Proposed Resolutions approving of the Disposal Agreement and all transactions contemplated thereunder, including, without limitation, the Potential Acquisition, the Acquisition Mandate, the Disposal and matters in relation thereto
"Shareholders"	shareholders of the Company
"Shares"	shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Stonehill"	Stonehill Limited, a company incorporated in the British Virgin Islands with limited liability
"Substantial Shareholders"	has the meaning ascribed to this term under the Listing Rules

"Successful Intended Purchaser"	in relation to the Potential Acquisition, the Qualified Intended Purchaser who is either the sole Qualified Intended Purchaser for the Remaining Equity Interest or, where there are more than one Qualified Intended Purchaser for the Remaining Equity Interest, the Qualified Intended Purchaser who has made the highest auction bid for the Remaining Equity Interest during the Auction Period
"TAIC"	Tian An (Tianjin) Investment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Tian An China
"TCE"	天津市建工集團(控股)有限公司 (Tianjin Construction Engineering Group (Holding) Co. Ltd.), a state-owned corporate entity established under the laws of the PRC
"TDC"	Tianjin Development Company Limited, a company incorporated in Hong Kong with limited liability
"Tian An China"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 28)
"TIBC"	天津國際大廈有限公司 (Tianjin International Building Co. Ltd.), a sino-foreign joint venture company established in the PRC, which is the sole owner of the Property
"TPRE"	天津產權交易中心 (Tianjin Property Rights Exchange), an authority under the Tianjin Municipal People's Government and whose business includes, inter alia, transfers of national and international property rights of all kinds of enterprises including real assets, equities, debts and intellectual property rights
"US$"	United States dollar, the lawful currency of the United States of America
"Vigers"	Vigers Appraisal And Consulting Limited
"%"	per cent

TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 687)

Executive Directors:
CHEUNG Francis (*Chairman*)
FUNG Chiu Chak, Victor
(Vice Chairman and Managing Director)
CHIEN David
KWOK Jennifer
CHIU Chin Hung
WONG Kay

Independent Non-Executive Directors:
FAN Chor Ho, Paul
TSE Man Bun
LUNG Chee Ming George

Registered Office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
11th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

28 July 2010

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

Dear Sirs or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION JOINT DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY AND (2) POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION POTENTIAL ACQUISITION OF EQUITY INTEREST FROM A SUBSIDIARY'S SUBSTANTIAL SHAREHOLDER

I. INTRODUCTION

The Board is pleased to announce that on 12 June 2010, TDC (a non wholly-owned subsidiary of the Company), Stonehill (a wholly-owned subsidiary of the Company) and TAIC (a company not within the Group) entered into the Disposal Agreement, pursuant to which, subject to the Conditions Precedent set out therein, TDC, Stonehill and TAIC agreed to sell and dispose of their interests, inclusive of their equity and debt interests in Consco, a non wholly-owned subsidiary of the Company at a total Disposal Consideration of approximately HK$870 million, of which approximately HK$436 million will be receivable by TDC and Stonehill (HK$369 million net of minority interest) arising from its disposal of the Sale Shares by TDC and Stonehill and approximately HK$162 million will be receivable by TDC and Stonehill (HK$156 million net of minority interest) arising from proceeds of assignment of the Debt payable to TDC and Stonehill on a dollar-for-dollar basis, subject to the Adjustment.

TAIC is a substantial shareholder of Consco which is a non wholly-owned subsidiary of the Company. Accordingly, TAIC is a connected person of the Company under the Listing Rules, and taking into consideration the joint arrangement including the joint covenants of the Sellers in relation to the Disposal, the Disposal is a connected transaction of the Company under Rule 14A.13(6) of the Listing Rules.

As at least one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Pursuant to the Listing Rules, Shareholders' approval is required for the Disposal.

TCE is a substantial shareholder of TIBC (holding 20% equity interest thereof), a non wholly-owned subsidiary of the Company and therefore is a connected person of the Company under Rule 14A.11(1) and Rule 14.04(6) of the Listing Rules, and if the Potential Acquisition is to be effected, the same will constitute a connected transaction of the Company under Rule 14A.13(1) of the Listing Rules.

As at least one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Potential Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is impossible for the Company to issue such an announcement in accordance with Rules 14.34 and 14A.47 of the Listing Rules until after the execution of the Acquisition Agreement when the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in relation to the Potential Acquisition.

An Independent Board Committee comprising all the Independent Non-Executive Directors has been established to advise the independent Shareholders in respect of the Disposal Agreement and the transactions contemplated thereunder, inclusive of the Disposal and the Potential Acquisition. Centurion Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders on the same.

The purpose of this circular is (1) to provide Shareholders with further details of the Potential Acquisition and the Disposal; (2) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders in respect of the Potential

Acquisition and the Disposal; (3) to set out the recommendation of the Independent Board Committee to the independent Shareholders with respect to the Potential Acquisition and the Disposal; and (4) to give notice of the SGM to consider and, if thought fit, to pass the Proposed Resolutions approving of the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto.

II. THE DISPOSAL

The Disposal Agreement

Date: 12 June 2010

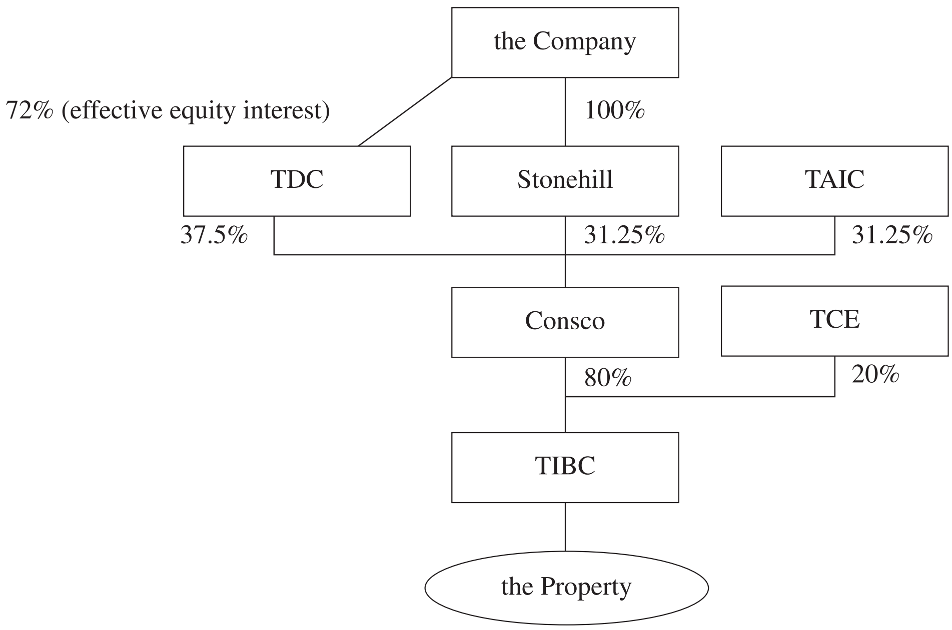
Parties: (1) Sellers: TDC, Stonehill and TAIC

(2) Purchaser: Arraya Worldwide Inc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an independent third party.

Subject matter: Pursuant to the Disposal, the Sellers conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Consco, together with the benefits of the Debt. Consco is presently the 80% shareholder of TIBC, the sole owner of the Property. The remaining 20% equity interest in TIBC, being the Remaining Equity Interest, is being held by TCE.

The following diagram illustrates a simplified corporate structure of Consco and TIBC before the Potential Acquisition:



Consideration:

The Disposal Consideration shall be the total of (1) the price payable by the Purchaser to each of the Sellers for the purchase of the Sale Shares held by the relevant Seller and (2) the price payable by the Purchaser to each of the Sellers for the acquisition by the Purchaser of the benefits held by the relevant Seller in the Debt on a dollar-for-dollar basis, and shall be equal to:

(1) in respect of the Sale Shares, the amount receivable by the Sellers shall be equal to the net assets value of Consco as set out in the Completion Accounts with the amount of the Property valued at RMB716 million and that any amount of deferred tax liability arising from the Property shall be disregarded, and

(2) in respect of the Debt, the amount of the Debt as set out in the Completion Accounts on a dollar-for-dollar basis.

The total Disposal Consideration shall be approximately HK$870 million, of which approximately HK$436 million will be receivable by TDC and Stonehill (HK$369 million net of minority interest) arising from its disposal of the Sale Shares by TDC and Stonehill and approximately HK$162 million will be receivable by TDC and Stonehill (HK$156 million net of minority interest) arising from proceeds of assignment of the Debt payable to TDC and Stonehill on a dollar-for-dollar basis, subject to the Adjustment.

The Purchaser has already within 3 business days after the signing of the Disposal Agreement deposited into the Escrow Account with the Deposit Escrow Agent a sum equivalent to RMB140 million as an initial deposit, and the Purchaser shall deposit into the Escrow Account with the Deposit Escrow Agent an additional sum equivalent to RMB70 million as further deposit within 5 business days after the execution of the Acquisition Agreement. Upon Completion, the Purchaser shall execute irrevocable written instructions to the Deposit Escrow Agent to release and transfer the aforesaid deposits to the Sellers, and shall pay to the Sellers the balance of the Disposal Consideration in accordance with the Disposal Agreement.

Not later than 10 business days before Completion, the Sellers shall deliver to the Purchaser the Projected Completion Accounts (including the amount of the Debt owed to each Seller) supported by a set of the latest management accounts of Consco.

The amount payable by the Purchaser for the Sale Shares shall be paid to each of the Sellers in an amount pro rata to their respective shareholdings in Consco, and the amount payable by the Purchaser in respect of the Debt shall be paid to each of the Sellers in accordance with the relevant respective amount owed to the relevant Sellers on a dollar-for-dollar basis as set out in the Projected Completion Accounts.

The amount payable to each relevant Seller shall be determined in RMB but shall be payable in Hong Kong dollar by reference to the equivalent amount thereof as at the date of payment based on the exchange rate on the business day immediately before the date of Completion.

If there shall be any updating or adjustment in the figures in the Projected Completion Accounts, such updating or amendments shall be provided by the Sellers to the Purchaser within 10 business days after Completion, based on which the Completion Accounts will be compiled, and the Adjustment will be accordingly calculated.

Conditions Precedent:

Unless otherwise agreed by the Sellers and the Purchaser in writing, Completion is conditional upon the following conditions precedent being satisfied on or before 31 December 2010:

(1) The Potential Acquisition being effected such that Consco (or its nominee) shall become the sole owner of the entire registered capital in TIBC;

(2) The issuance of the 批准証書 (certificate of approval) by 天津市商務委員會 (Tianjin Commission of Commerce) or such other government authority with equivalent power or authority at the local or municipal or other level approving the conversion of TIBC to a wholly-foreign owned enterprise;

(3) The Company shall have obtained all necessary regulatory approvals, consents and certificates required pursuant to the Listing Rules and all applicable law, statute, regulation or ordinance (including, to the extent applicable and without limitation, the approval of the Shareholders as may be required under the Listing Rules) in respect of the Disposal Agreement and the transactions contemplated under the Disposal Agreement; and

(4) Tian An China shall have obtained all necessary regulatory approvals, consents and certificates required pursuant to the Listing Rules and all applicable law, statute, regulation or ordinance (including, to the extent applicable and without limitation, the approval of the shareholders of Tian An China as may be required under the Listing Rules) in respect of the Disposal Agreement and the transactions contemplated under the Disposal Agreement.

If any of the Conditions Precedent shall have not been satisfied at or before 5:00 p.m. on 31 December 2010, then, unless otherwise agreed between the Sellers and the Purchaser, the Disposal Agreement and the terms and conditions thereof will immediately and automatically terminate, in which event of termination (other than covenants relating to matters of announcements and disclosure, which shall remain binding on the parties), no party to the Disposal Agreement shall have any further obligations or liabilities under or arising from the Disposal Agreement and no party shall have any claim whatsoever against the other party, and any deposit paid (together with all accrued interest on it) will be refunded to the Purchaser upon such termination.

Completion shall take place in Hong Kong on the tenth business day following the notice issued by the Sellers to the Purchaser informing the satisfaction of the Conditions Precedent.

Under the Disposal Agreement, the warranties, undertakings, obligations and other liabilities of the Sellers generally, unless otherwise specified therein (such as in respect of the warranties given on an individual Seller's own corporate affairs and its Sale Shares and interests in the Debt, for which the liability shall be borne by the Seller concerned severally), shall be undertaken and borne by the Sellers jointly and severally.

III. THE POTENTIAL ACQUISITION

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

The Company, through Consco (or its nominee), therefore intends to acquire the Remaining Equity Interest. Further details in relation to the Potential Acquisition are set out in the following paragraphs.

The PRC authority concerned

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

The Listing Notice

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

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

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

The Listing Period

The Listing Period is the period from 25 June 2010 to 22 July 2010, both days inclusive.

Qualified Intended Purchaser

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

1. Being an enterprise (inclusive of enterprises incorporated in Hong Kong, Macau and Taiwan) having the experience in investment and management of high class serviced apartment and office premises in Tianjin City of the PRC for more than 20 years.

2. Upon its qualifications being ascertained by TPRE or its committee, the Intended Purchaser shall have in accordance with the rules and regulations of TPRE, paid the sum of RMB 28.56 million (representing 20% of the Listing Price of the Remaining Equity Interest) as the Guarantee Payment.

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

The Notice of Intention and payment of the Guarantee Payment

Consco has accordingly submitted a Notice of Intention to the TPRE on 19 July 2010 and, upon its Notice of Intention having been examined and its qualifications ascertained and approved by TPRE, will make the prescribed payment of the Guarantee Payment in the sum of RMB28.56 million upon being notified by TPRE. On 26 July 2010, Consco was notified by TPRE to make payment of the Guarantee Payment and Consco has made arrangement for the remittance of the Guarantee Payment to TPRE and expects that the payment of the Guarantee Payment to TPRE will be effected in the next couple of days. Accordingly, Consco is capable of becoming a Qualified Intended Purchaser subject to fulfilling the second and third conditions abovementioned.

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

As at the Latest Practicable Date, Consco has not yet been informed by TPRE whether there are any and if so how many Qualified Intended Purchasers. In the event that Consco shall be the sole Qualified Intended Purchaser, it would be up to TCE to decide whether to request TPRE to conduct the Auction or alternatively, to proceed with the Potential Acquisition by negotiating with Consco the terms and conditions of the Acquisition Agreement, including the Agreed Price. Accordingly, it is not yet known whether the Auction would be conducted and if so, the commencement and expiry of the Auction Period.

The Acquisition Mandate

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

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

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

The Acquisition Agreement

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

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

The Remaining Equity Interest was acquired by one of its subsidiaries of TCE in 1986 as one of the founding shareholders of TIBC at a capital fee of US$2 million and was transferred to TCE in 2007 through intra-group transfer at nil consideration.

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

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

Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is impossible for the Company to issue such an announcement in accordance with Rule 14.34 of the Listing Rules until after the execution of the Acquisition Agreement by which the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in connection with the Potential Acquisition.

In relation to the Potential Acquisition, the Company has already issued an announcement on 23 July 2010 setting out the information and particulars relating to the Potential Acquisition then available to the Directors. A further announcement containing further information regarding, inter alia, whether or not Consco is the Successful Intended Purchaser, and if so, the Acquisition Price, and the date of the Acquisition Agreement etc. will be made by the Company as soon as is practicable.

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

IV. INFORMATION ABOUT THE GROUP AND OTHER PARTIES

The Group

The Group is principally engaged in foundation piling, property development, property investment, building construction, electrical and mechanical engineering, and machinery hiring and trading.

TDC

TDC is a company incorporated in Hong Kong with limited liability whose principal business activity is investment holding. The equity interest of TDC is held as to 72% thereof (effective interest) by the Company through several of its subsidiaries.

Stonehill

Stonehill is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. Its principal business activity is investment holding.

TAIC

TAIC is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Tian An China. Its principal business activity is investment holding. Save for 31.25% shareholding interest in Consco held by TAIC, there is no other shareholding relationship between (i) Tian An China and its subsidiaries and (ii) the Group.

Consco

Consco is a company incorporated in Hong Kong with limited liability whose shares, being the Sale Shares, are held as to 3,750 shares (representing 37.50% of the equity interest) by TDC, 3,125 shares (representing 31.25% of the equity interest) by Stonehill and 3,125 shares (representing 31.25% of the equity interest) by TAIC. Consco is presently the 80% shareholder of TIBC, the sole owner of the Property. The remaining 20% equity interest in TIBC, being the Remaining Equity Interest, is being held by TCE. At present, the Company has an effective equity interest of 58.25% in Consco, through TDC and Stonehill. Following Completion, Consco will become a wholly-owned subsidiary of the Purchaser and will accordingly cease to be a subsidiary of the Company.

TCE

TCE is a state-owned corporate entity established under the laws of the PRC and is principally engaged in the business of construction and engineering and investment holding.

TIBC

TIBC is a company incorporated in the PRC with limited liability through sino-foreign equity joint venture. As at 31 December 2009, the net asset value of TIBC is approximately RMB94 million. It has no major asset other than the Property.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability whose principal business activity is investment holding.

V. INFORMATION ABOUT THE PROPERTY

The Property is the property at 75 Nanjing Road, Heping District, Tianjin in the PRC with a gross floor area of approximately 52,700 square metres and is valued, according to the agreement between the Sellers and the Purchaser for the purpose of the Disposal Agreement at RMB716 million, having taken into consideration two valuation reports prepared by Vigers dated 21 January 2010 and 4 May 2010 respectively (in each case valuing the Property at US$114 million and on the basis of capitalization of the net incomes derived from the Property and making allowance for reversionary incomes potential of the Property and by reference to sales evidence as available on the market where appropriate).

VI. REASONS FOR THE POTENTIAL ACQUISITION AND THE DISPOSAL AND FINANCIAL IMPLICATIONS THEREOF

The Directors consider that the current market conditions present a good opportunity for the Company to realize its investment in Consco through the Disposal. Based on the expected total amount receivable by TDC and Stonehill arising from their disposal of their Sale Shares of approximately HK$369 million (net of minority interests), the unaudited historical carrying value attributable to the Group's investment in Consco through TDC and Stonehill as at 31 March 2010 which amounted to approximately HK$352 million (based on Consco's unaudited management accounts as at 31 March 2010), and the estimated legal and other professional expenses relating to the Disposal of approximately HK$8 million (but without taking into account the estimated profit of Consco from 1 April 2010 to Completion and the expected dividends payment from Consco to the Group prior to Completion, which are to be ascertained in due course), and subject to the Adjustment and barring unforeseen circumstances, the Group expects to record a gain of not less than HK$9 million from the Disposal, the exact amount of which can only be ascertained after preparation of the Completion Accounts.

As shown in the unaudited pro forma consolidated statement of financial position set out in Appendix II, assuming Completion had taken place on 31 March 2010, the total assets of the Remaining Group as at 31 March 2010 would be approximately HK$4,308 million, a decrease of approximately HK$528 million as compared with the Group of approximately HK$4,836 million. On the other hand, the total liabilities of the Remaining Group as at 31 March 2010 would be approximately HK$2,312 million, a decrease of HK$239 million as compared with that of the Group of approximately HK$2,551 million.

As stated in Note (10) of the Notes to the unaudited pro forma financial information of the Remaining Group set out in paragraph 5 of Appendix II, assuming Completion had taken place on 1 April 2009, the estimated gain on Disposal for the Remaining Group is approximately HK$64.8 million (or HK$56.8 million net of the estimated legal and professional fees relating to the Disposal of approximately HK$8 million). Shareholders should note that the exact amount of gain on the Disposal may differ from the aforesaid figure and is dependent on, among other things, the carrying value of the Group's investment in Consco as at the Completion Date and the exchange rate of RMB.

The profits (both before and after tax) of the Group attributable to the Sale Shares held by the Company's interest in TDC and Stonehill for the financial years ended 31 March 2009 and 31 March 2010 are approximately as follows:

	2010	**2009**
	(HK$'000)	*(HK$'000)*
Profit before tax and change in fair value of the Property	19,489	18,105
Change in fair value of the Property	3,977	(8,677)
Profit before tax	23,466	9,428
Profit after tax	17,382	5,893

The apparent increase in the profit after tax attributable to the Sale Shares held by the Company's interest in TDC and Stonehill for the financial year of 2010 is due to revaluation of the Property in 2010 and the consequential increase in fair value of the Property as stated in the accounts for 2010.

The net profits of TIBC for the financial years ended 31 December 2008 and 31 December 2009 are approximately as follows:

	2009	**2008**
	(RMB'000)	*(RMB'000)*
Profit before tax	24,559	24,846
Profit after tax	18,290	18,577

The net proceeds receivable from the Disposal after deducting expenses directly attributable to the Disposal (in the aforesaid sum of approximately HK$8 million), are estimated to amount to approximately HK$516 million, and are intended to be used for additional general working capital, future investment purpose and repayment of bank loans.

In view of the above, the Directors take the view that although the Group will no longer enjoy a stable recurrent income derived from TIBC after Completion, the Disposal will enable the Group to increase its working capital and future investment potential, and will accordingly improve the liquidity and strengthen the overall financial position of the Group as a whole.

VII. IMPLICATIONS UNDER THE LISTING RULES

Stonehill is a wholly-owned subsidiary of the Company and TDC is a non wholly-owned subsidiary of the Company. TAIC is a substantial shareholder of Consco which is a non wholly-owned subsidiary of the Company and therefore is a connected person of the Company, and taking into consideration the joint arrangement including the joint covenants of the Sellers in relation to the Disposal, the Disposal constitutes a connected transaction of the Company under Rule 14A.13(6) of the Listing Rules.

As at least one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 75%, the Disposal also constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules.

TCE is a substantial shareholder of TIBC (holding 20% equity interest thereof), a non wholly-owned subsidiary of the Company, and therefore is a connected person of the Company under Rule 14A.11(1) and Rule 14.04(6) of the Listing Rules, and if the Potential Acquisition is to be effected, the same will constitute a connected transaction of the Company under Rule 14A.13(1) of the Listing Rules.

As at least one of the applicable percentage ratios calculated under Chapter 14 of the Listing Rules is more than 5% but less than 25%, the Potential Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is impossible for the Company to issue such an announcement in accordance with Rule 14.34 of the Listing Rules until after the execution of the Acquisition Agreement by which the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in connection with the Potential Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Potential Acquisition or the Disposal. As such, the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition and the Disposal are subject to the approval of the Shareholders at the SGM. To the best of the Directors' knowledge information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Disposal Agreement which is materially different from the other Shareholders. Accordingly, no Shareholder is required to abstain from voting on the Proposed Resolutions.

VIII.THE SGM

The SGM will be held at 10:00 a.m., on Monday, 16 August 2010 at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the Proposed Resolutions. The notice of the SGM is set out on pages 102 and 103 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof to the Company's principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

IX. RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the view that the terms of the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition and the Disposal are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (excluding the Independent Non-Executive Directors) recommend the independent Shareholders to vote in favour of the Proposed Resolutions at the SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 22 and 23 of this circular which contains the advice and recommendation of the Independent Board Committee to the independent Shareholders as to voting at the SGM regarding the passing of the Proposed Resolutions approving of the Disposal Agreement and the respective transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal by way of a poll for each of the Proposed Resolutions at the SGM. Your attention is also drawn to the letter of advice received from the Independent Financial Adviser which contains, among other matters, its advice and recommendation to the Independent Board Committee and the independent Shareholders in relation to the terms of the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal and the principal factors and reasons considered by it in concluding its advice. The letter from the Independent Financial Adviser is set out on pages 24 to 40 of this circular.

X. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to VI to this circular and the notice of the SGM.

Yours faithfully,
For and on behalf of the Board of
Tysan Holdings Limited
Francis Cheung
Chairman

TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 687)

28 July 2010

To the independent Shareholders

Dear Sirs or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION JOINT DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY AND (2) POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION POTENTIAL ACQUISITION OF EQUITY INTEREST FROM A SUBSIDIARY'S SUBSTANTIAL SHAREHOLDER

We refer to the circular to the Shareholders dated 28 July 2010 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as defined in the section headed "Definitions" of the Circular.

We have been appointed by the Board to consider the terms of the Disposal Agreement and to advise the independent Shareholders in connection with the approval of the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal as to whether they are fair and reasonable so far as the independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board set out on pages 8 to 21 of the Circular and the letter of advice from the Independent Financial Adviser as set out on pages 24 to 40 of the Circular.

Having considered, among other matters, the principal factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal are on normal commercial terms, are fair and reasonable so far as the independent Shareholders are concerned and are in the interest of the Company and the independent Shareholders as a whole. Accordingly, we recommend the independent Shareholders to vote in favour of the Proposed Resolutions approving of the Disposal Agreement and the transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal, particulars of which are set out in the notice convening the SGM set out on pages 102 and 103 of the Circular, to be proposed at the SGM or any adjournment thereof.

Yours faithfully,
Independent Board Committee of
Tysan Holdings Limited
FAN Chor Ho, Paul **TSE Man Bun** **LUNG Chee Ming George**
All the Independent Non-Executive Directors

The following is the text of the letter of advice to the Independent Board Committee and the independent Shareholders from the Independent Financial Adviser dated 28 July 2010 for incorporation in this circular:

CENTURION CORPORATE FINANCE LIMITED
盛百利財務顧問有限公司

7th Floor, Duke Wellington House
14 -24 Wellington Street
Central, Hong Kong

香港中環
威靈頓街14 - 24號
威靈頓公爵大廈7樓

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

28 July 2010

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

Dear Sirs,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
JOINT DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY
AND
(2) POTENTIAL DISCLOSEABLE AND CONNECTED TRANSACTION
POTENTIAL ACQUISITION OF EQUITY INTEREST FROM
A SUBSIDIARY'S SUBSTANTIAL SHAREHOLDER

We have been engaged to advise the Independent Board Committee and the independent Shareholders with respect to the terms and conditions of the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate and the Disposal, details of which are outlined in the "Letter From The Board" set out from pages 8 to 21 of the circular dated 28 July 2010 to the Shareholders ("Circular") of which this letter forms a part. We have been appointed to give an opinion as to whether the terms and conditions of the abovementioned agreement and the connected transactions contemplated thereunder are of normal commercial terms, are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced on 22 June 2010 the entering into of the Disposal Agreement and announced on 23 July 2010 in relation to the Potential Acquisition. For the reasons set out in the "Letter From The Board", the transactions contemplated under the Disposal Agreement constitute "very substantial disposal and connected transaction", and the transactions contemplated under the Potential Acquisition constitute "discloseable and connected transaction" of the Company under the Listing Rules. As such, each of the Disposal Agreement, the Disposal, the Potential Acquisition and the transactions respectively contemplated thereunder (including the Acquisition Mandate) are subject to the approval of the independent Shareholders at a meeting of the Shareholders.

In so far as the Proposed Resolutions approving of the Disposal Agreement and the respective transactions contemplated thereunder, including the Potential Acquisition, the Acquisition Mandate and the Disposal are concerned, as set out in the "Letter From The Board", none of the Shareholders has a material interest in the Disposal and the Potential Acquisition. As such, the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto (i) are subject to the approval of the Shareholders at the SGM; and (ii) no Shareholder is required to abstain from voting on the Proposed Resolutions to be proposed at the SGM. Voting on the Proposed Resolutions will be taken by way of poll. For further details, please refer to the sections headed "Implications under the Listing Rules" and "The SGM" as respectively set out in the "Letter From The Board" for further details.

The Independent Board Committee has been formed to advise the independent Shareholders in relation to the terms and conditions of the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representation contained in the Circular and other documents (including but not limited to the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto) which have been provided to us by the executive Directors and for which they take full responsibility. We have also assumed that all statements, information, opinions and representations made or referred to in the Circular were true at the time they were made and continued to be true at the date of this Circular. We have also assumed that all statements of belief, opinions and intentions made by the executive Directors in the Circular are reasonably made after due and careful enquiry.

In respect of the financial information of each of the Group, Consco, TIBC and TDC, we have relied principally on their respective audited, unaudited and pro forma consolidated financial statements, and for those financial statements and documents prepared by the Group, the executive Directors shall take full responsibility. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and/or referred to in the Circular.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the executive Directors. We consider that we have reviewed sufficient financial information to enable us to reach an informed view and to justify reliance on the accuracy of the financial information of the Group as contained in the Circular. We have not, however, conducted any form of independent or in-depth investigation into the businesses and affairs or the prospects of each of the Group, Consco, TIBC and TDC, the Purchaser or any of their respective subsidiaries, associates, or parent companies nor have we independently verified any of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. BACKGROUND

1.1 Information on the Group

The Group is principally engaged in foundation piling, property development, property investment, building construction, electrical and mechanical engineering, and machinery hiring and trading.

The following is an overview of the breakdown in turnover of the Group for the year ended 31 March 2010 by activity and is extracted from the Company's annual report dated 23 June 2010:

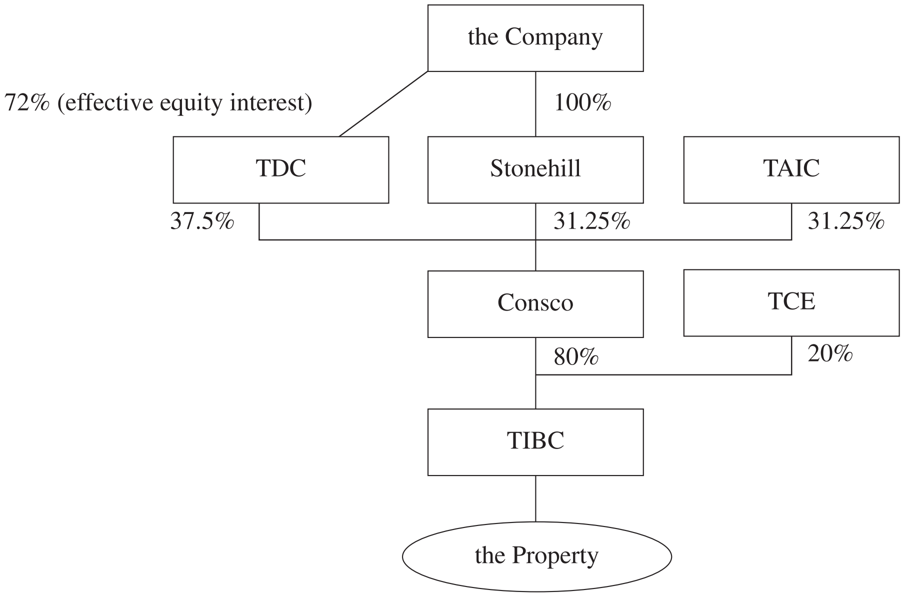
	(HK$'000)	*(in percentage)*
Foundation piling	919,593	43.1%
E&M engineering and building construction	41,923	1.9%
Machinery leasing and trading	16,405	0.8%
Property investment and management	103,247	4.8%
Property Development	1,053,349	49.4%
	2,134,517	100.0%

For the year ended 31 March 2010, segment results of the Group was approximately HK$752.9 million profit, of which (i) approximately HK$111.7 million profit (or approximately 15%) was attributable to the property investment and management segment. As set out above, property investment and management segment accounted for approximately 4.8% of the Group's turnover for the year ended 31 March 2010.

Turnover of the Group's property investment and management business for each of the three years ended 31 March 2010 was approximately HK$101 million, HK$105 million and HK$103 million respectively.

Total Group's turnover for each of the three years ended 31 March 2010 was approximately HK$1,895 million, HK$2,784 million and HK$2,134 million respectively. As at 31 March 2010, the Group's audited total assets and total liabilities were approximately HK$4,836 million and HK$2,551 million respectively. For the year ended 31 March 2010, total audited net profit attributable to Shareholders amounted to approximately HK$271.4 million, which translated into a basic earnings per Share of HK$0.3234.

The following diagram illustrates a simplified corporate structure of Consco and TIBC before the Disposal and the Potential Acquisition:



1.2 Information on TDC

TDC is a company incorporated in Hong Kong with limited liability whose principal business activity is investment holding. The effective equity interest of TDC is held as to 72% thereof by the Company through several of its subsidiaries.

1.3 Information on Stonehill

Stonehill is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. Its principal business activity is investment holding.

1.4 Information on TAIC

TAIC is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of Tian An China. Its principal business activity is investment holding. Save for the 31.25% shareholding interest in Consco held by TAIC, there is no other shareholding relationship between (i) Tian An China and its subsidiaries; and (ii) the Group.

1.5 Information on Consco

Consco is a company incorporated in Hong Kong with limited liability whose shares, being the Sale Shares, are held as to 3,750 shares (representing 37.50% of the equity interest) by TDC, 3,125 shares (representing 31.25% of the equity interest) by Stonehill and 3,125 shares (representing 31.25% of the equity interest) by TAIC. Consco is presently the 80% shareholder of TIBC, the sole owner of the Property. The remaining 20% equity interest in TIBC, being the Remaining Equity Interest, is being held by TCE. At present, the Company has an effective equity interest of 58.25% in Consco, through TDC and Stonehill. Following Completion, Consco will become a wholly-owned subsidiary of the Purchaser and will accordingly cease to be a subsidiary of the Company.

1.6 Information on TCE

TCE is a state-owned corporate entity established under the laws of the PRC and is principally engaged in the business of construction, engineering and investment holding.

1.7 Information on TIBC

TIBC is a company incorporated in the PRC with limited liability through sino-foreign equity joint venture. As at 31 December 2009, the net asset value of TIBC is approximately RMB94 million. It has no major asset other than the Property.

2. THE DISPOSAL AGREEMENT AND THE DISPOSAL

2.1 The Disposal Agreement

Date: 12 June 2010

Parties: (1) Sellers: TDC, Stonehill and TAIC
(2) Purchaser: Arraya Worldwide Inc.

As set out in the "Letter From The Board", the Purchaser is an independent third party.

Subject matter: Pursuant to the Disposal, the Sellers conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing the entire issued share capital of Consco, together with the benefits of the Debt. Consco is presently the 80% shareholder of TIBC, the sole owner of the Property. The remaining 20% equity interest in TIBC, being the Remaining Equity Interest, is being held by TCE.

2.2 Consideration

As set out in the "Letter From The Board", the Disposal Consideration shall be the total of (1) the price payable by the Purchaser to each of the Sellers for the purchase of the Sale Shares held by the relevant Seller and (2) the price payable by the Purchaser to each of the Sellers for the acquisition by the Purchaser of the benefits held by the relevant Seller in the Debt on a dollar-for-dollar basis, and shall be equal to:

(1) in respect of the Sale Shares, the amount receivable by the Sellers shall be equal to the net assets value of Consco as set out in the Completion Accounts with the amount of the Property valued at RMB716 million and that any amount of deferred tax liability arising from the Property shall be disregarded, and

(2) in respect of the Debt, the amount of the Debt as set out in the Completion Accounts on a dollar-for-dollar basis.

The total Disposal Consideration shall be approximately HK$870 million, of which approximately HK$436 million will be receivable by TDC and Stonehill (HK$369 million net of minority interest) arising from its disposal of the Sale Shares by TDC and Stonehill and approximately HK$162 million will be receivable by TDC and Stonehill (HK$156 million net of minority interest) arising from proceeds of assignment of the Debt payable to TDC and Stonehill on a dollar-for-dollar basis, subject to the Adjustment. The following table summarises such payments for the Sale Shares and the Debt:

	(HK$')
Sale Share consideration	633,849,718
Debt consideration	235,864,129
	869,713,847

	Effective shareholding in Consco	
Debt consideration:		
Actual debts from shareholders of Consco		
TAIC	31.25%	19,325,000
Minority shareholder #1 of TDC	1.88%	1,159,500
Minority shareholder #2 of TDC	1.88%	1,159,500
Indirect minority shareholder #3 of TDC	6.74%	4,174,200
The Group	58.25%	36,021,800
	100.00%	61,840,000
Add:-		
Expected debts to be incurred for the Potential Acquisition:		
TAIC	31.25%	54,382,540
Minority shareholder #1 of TDC	1.88%	—
Minority shareholder #2 of TDC	1.88%	—
Indirect minority shareholder #3 of TDC	6.74%	—
The Group	58.25%	119,641,589
Total debts expected to be incurred *(Note 1)*	100.00%	174,024,129
Total Debt consideration		235,864,129

(Note 1: the difference of this HK$174,024,129 vs. the Acquisition Mandate sought herein to effect the Potential Acquisition at the Acquisition Price which shall not exceed HK$180 million represents a small margin for possible price fluctuation under the Auction)

	Effective shareholding in Consco	*(HK$')*
Sale Share consideration:		
The Group (net of minority shareholders #1 and #2, & indirect minority shareholder #3, of TDC)	27.00%	171,139,424
Minority shareholders' (#1, #2 & #3) interests	10.50%	66,554,220
Sub-total	37.50%	237,693,644
Stonehill	31.25%	198,078,037
TAIC	31.25%	198,078,037
Total Sale Share consideration	100.00%	633,849,718

The Purchaser has already within 3 business days after the signing of the Disposal Agreement deposited into the Escrow Account with the Deposit Escrow Agent a sum equivalent to RMB140 million as an initial deposit, and the Purchaser shall deposit into the Escrow Account with the Deposit Escrow Agent an additional sum equivalent to RMB70 million as further deposit within 5 business days after the execution of the Acquisition Agreement. Upon Completion, the Purchaser shall execute irrevocable written instructions to the Deposit Escrow Agent to release and transfer the aforesaid deposits to the Sellers, and shall pay to the Sellers the balance of the Disposal Consideration in accordance with the Disposal Agreement.

Not later than 10 business days before Completion, the Sellers shall deliver to the Purchaser the Projected Completion Accounts (including the amount of the Debt owed to each Seller) supported by a set of the latest management accounts of Consco.

The amount payable by the Purchaser for the Sale Shares shall be paid to each of the Sellers in an amount pro rata to their respective shareholdings in Consco, and the amount payable by the Purchaser in respect of the Debt shall be paid to each of the Sellers in accordance with the relevant respective amount owed to the relevant Sellers on a dollar-for-dollar basis as set out in the Projected Completion Accounts.

The amount payable to each relevant Seller shall be determined in RMB but shall be payable in Hong Kong dollar by reference to the equivalent amount thereof as at the date of payment based on the exchange rate on the business day immediately before the date of Completion. If there shall be any updating or adjustment in the figures in the Projected Completion Accounts, such updating or amendments shall be provided by the Sellers to the Purchaser within 10 business days after Completion, based on which the Completion Accounts will be compiled, and the Adjustment will be accordingly calculated.

Following our enquiry with the management of the Company on how the consideration for the Sale Shares is determined, we have been advised that the amount receivable by the Sellers in respect of the Sale Shares shall be equal to the net assets value of Consco as set out in the Completion

Accounts with the amount of the Property valued at RMB716 million, which was negotiated on an arms-length basis between the parties. This compared to the valuation report of US$114 million (or approximately RMB779 million) set out in Appendix IV to the Circular, whilst represents a discount of approximately 8%, we are of the view that such comparison should take into consideration that the Purchaser is acquiring all the issued shares in Consco and as such, other assets and liabilities of Consco should also be taken into account. In this regard, notwithstanding that the Consideration is based on the net assets value of Consco as set out above in this paragraph, it should be noted that any amount of deferred tax liability arising from the Property on the consolidated balance sheet of the Completion Accounts shall be disregarded under the Disposal Agreement. Based on the Projected Management Accounts, such deferred tax liability is of considerable amount.

In light of these pricing parameters of Consco, the underlying value of the Property under the Disposal Agreement when compared to the valuation report prepared by Vigers and the estimated profit from the Disposal as set out below, we are of the view that the basis for determining the consideration of the Sale Shares is fair and reasonable.

2.3 Conditions Precedent

Unless otherwise agreed by the Sellers and the Purchaser in writing, Completion is conditional upon the following conditions precedent being satisfied on or before 31 December 2010:

(1) The Potential Acquisition being effected such that Consco (or its nominee) shall become the sole owner of the entire registered capital in TIBC;

(2) The issuance of the Certificate of Approval (批准證書) by Tianjin Commission of Commerce (天津市商務委員會) or such other government authority with equivalent power or authority at the local or municipal or other level approving the conversion of TIBC to a wholly-foreign owned enterprise;

(3) The Company shall have obtained all necessary regulatory approvals, consents and certificates required pursuant to the Listing Rules and all applicable law, statute, regulation or ordinance (including, to the extent applicable and without limitation, the approval of the Shareholders as may be required under the Listing Rules) in respect of the Disposal Agreement and the transactions contemplated under the Disposal Agreement; and

(4) Tian An China shall have obtained all necessary regulatory approvals, consents and certificates required pursuant to the Listing Rules and all applicable law, statute, regulation or ordinance (including, to the extent applicable and without limitation, the approval of the shareholders of Tian An China as may be required under the Listing Rules) in respect of the Disposal Agreement and the transactions contemplated under the Disposal Agreement.

If any of the Conditions Precedent shall not have been satisfied at or before 5:00 p.m. on 31 December 2010, then, unless otherwise agreed between the Sellers and the Purchaser, the Disposal Agreement and the terms and conditions thereof will immediately and automatically terminate, in which event of termination (other than covenants relating to matters of announcements and disclosure, which shall remain binding on the parties), no party to the Disposal Agreement shall have any further obligations or liabilities under or arising from the Disposal Agreement and no party shall have any claim whatsoever against the other party, and any deposit paid (together with all accrued interest on it) will be refunded to the Purchaser upon such termination.

Completion shall take place in Hong Kong on the tenth business day following the notice issued by the Sellers to the Purchaser informing the satisfaction of the Conditions Precedent.

Under the Disposal Agreement, the warranties, undertakings, obligations and other liabilities of the Sellers generally, unless otherwise specified therein (such as in respect of the warranties given on an individual Seller's own corporate affairs and its Sale Shares and interests in the Debt, for which the liability shall be borne by the Seller concerned severally), shall be undertaken and borne by the Sellers jointly and severally. We are of the view that such joint and several liability of the Sellers are considered common market practice as a purchaser would likely to demand such joint and several arrangement so as not to limit its recovery for any loss it might incur as a result of default of a corporate vendor whose shareholders consisting of different parties, presumably differ in their respective financial strengths.

In view of the Disposal Agreement and its underlying objective of disposing Consco, with its principal assets being the Property and current market practice for similar transactions, we are of the opinion that the conditions precedent as set out above are fair and reasonable.

3. THE POTENTIAL ACQUISITION

In relation to the Potential Acquisition, the Company has already issued an announcement on 23 July 2010 setting out the information and particulars relating to the Potential Acquisition then available to the Directors. A further announcement containing further information regarding, inter alia, whether or not Consco is the Successful Intended Purchaser, and if so, the Acquisition Price, and the date of the Acquisition Agreement etc. will be made by the Company as soon as is practicable.

As stated in the foregoing paragraphs, it is one of the Conditions Precedent of the Disposal that the Potential Acquisition shall have been completed by Consco, i.e., that Consco (or its nominee) shall have acquired the Remaining Equity Interest free from encumbrances such that Consco (or its nominee) shall become the sole owner of the entire registered capital of TIBC with the necessary approval of the relevant authorities. This is to allow the Purchaser to acquire all the direct and indirect interests in TIBC, which holds the Property.

The Company, through Consco (or its nominee), therefore intends to acquire the Remaining Equity Interest. Further details in relation to the Potential Acquisition are set out in the following paragraphs and in the "Letter From The Board".

3.1 The waiver granted by the Stock Exchange

As set out in the "Letter From The Board", Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is impossible for the Company to issue such an announcement in accordance with Rules 14.34 and 14A.47 of the Listing Rules until after the execution of the Acquisition Agreement by which the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in relation to the Potential Acquisition.

3.2 The ways in which the Potential Acquisition are to be effected

The Potential Acquisition would be effected through TPRE. TPRE is an authority under the Tianjin Municipal People's Government and whose business includes, inter alia, transfers of national and international property rights of all kinds of enterprises including real assets, equities, debts and intellectual property rights. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TPRE is an independent third party. For further details on the Listing Notice, Listing Period and Qualified Intended Purchaser, please refer to the section headed "The Potential Acquisition" in the "Letter From The Board".

3.3 The Acquisition Mandate

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

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

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

3.4 The Acquisition Agreement

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

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

The Remaining Equity Interest was acquired by one of its subsidiaries of TCE in 1986 as one of the founding shareholders of TIBC at a capital fee of US$2 million and was transferred to TCE in 2007 through intra-group transfer at nil consideration.

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

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

Rules 14.34 and 14A.47 of the Listing Rules require the Company to publish an announcement as soon as possible after the terms of the Potential Acquisition shall have been finalized. By reason of the fact that the terms of the Potential Acquisition will not be finalized until after the signing of the Acquisition Agreement, it is impossible for the Company to issue such an announcement in accordance with the Listing Rules until after the execution of the Acquisition Agreement by which the terms of the Potential Acquisition are finalized. Accordingly, the Company has made an application to, and has been granted by, the Stock Exchange for a waiver from strict compliance with Rules 14.34 and 14A.47 of the Listing Rules in connection with the Potential Acquisition.

3.5 Consideration under the Acquisition Mandate

Under the Potential Acquisition, the mandate sought to be granted by the Shareholders to the Directors to effect the Potential Acquisition at the Acquisition Price as may be deemed appropriate by the Directors provided that the same shall not exceed HK$180 million.

Having reviewed with the senior management of the Company the bases and assumptions for the way in which the consideration under the Acquisition Mandate is determined in particular that such upper limit for the Auction of HK$180 million is arrived at based on the unaudited consolidated balance sheet of TIBC as at 31 March 2010, adjusted for certain movements of such balance sheet as projected to as at 30 September 2010 with valuation of the Property based on the same valuation of RMB$716 million for the Disposal and certain reallocation adjustments in respect of the Property, including a small margin (the difference between HK$180 million and HK$174 million) for possible upward price movement under the Auction, we are of the view that the consideration under the Acquisition Mandate is fair and reasonable.

4. THE PROPERTY

The Property is located at 75 Nanjing Road, Heping District, Tianjin in the PRC with a gross floor area of approximately 52,700 square meters and is valued, according to the agreement between the Sellers and the Purchaser for the purpose of the Disposal Agreement at RMB716 million, having taken into consideration two valuation reports prepared by Vigers dated 21 January 2010 and 4 May 2010 respectively (in each case valuing the Property at US$114 million and on the basis of capitalization of the net incomes derived from the Property and making allowance for reversionary incomes potential of the Property and by reference to sales evidence as available on the market where appropriate).

The Property, which was opened in September 1991 and has undergone regular maintenance and refurbishment, is a 38-storey Grade A commercial/office/service apartment complex, a summary of its lettable area for reference only is as follows:

Usage	Level	Lettable Area (sq.m.)
Apartments	27-36	12,100
Offices	3-14, 16-25 and 37	24,225
Retail	1 to 3 and Podium	5,500

5. MARKET AND STATISTICAL DATA OF TIANJIN

Tianjin is one of the four municipalities of the PRC which are under the central government and it is one of the two major cities in the Bohai Economic Rim, centers around the Beijing/Tianjin metropolitan region. Tianjin has experienced significant growth in Gross Domestic Product ("GDP") from approximately RMB170 billion in 2000 to approximately RMB635 billion in 2008, and as a result, it is one of the fastest growing regions in the PRC. With an area of approximately 12,000 square kilometers and a population of approximately 11.8 million as of 31 December 2008, the following table is an overview of GDP and population statistics of Tianjin over the two years 2007 and 2008:

	2007	2008
Gross Domestic Product ("GDP") (in billion RMB)	505.0	635.4
% of GDP growth on a year-on-year basis#	16.3%	25.8%
Per Capita GDP (in RMB)	46,122	55,473
% of per capita GDP growth on a year-on-year basis#	12.4%	20.3%
Permanent Population (in million)	11.2	11.8

(Source: Pages 33 and 128, Tianjin Statistical Yearbook 2009;
Note #: computed by Centurion)

The following table sets out selected market data and statistics for the property market in Tianjin:

	2007	2008
Total GFA of properties sold (in thousand sq.m.)	15,485.9	12,520.4
Total sales revenue (in RMB billions)	89.9	75.3
Average price of properties (in RMB per sq.m.)#	5,811	6,015
Total GFA of residential buildings sold (in thousand sq.m.)	14,018.5	11,353.5
Total sales revenue from residential buildings (in RMB billions)	78.16	63.56
Average price of residential buildings (in RMB per sq.m.)#	5,576	5,598
Total GFA of office buildings sold (in thousand sq.m.)	429.5	293.0
Total sales revenue from office buildings (in RMB billions)	3.18	2.87
Average price of office buildings (in RMB per sq.m.)#	7,412	9,784
Total floor space of buildings under construction (in thousand sq.m.)	48,364.9	57,042.7
Total floor space of buildings completed (in thousand sq.m.)	17,043.6	17,993.7

(Sources: Pages 173 and 176 of Tianjin Statistical Yearbook 2009;
Note #: computed by Centurion)

The total gross floor area ("GFA") of all properties sold in Tianjin as set out above represents a rate of decline of approximately 19% from approximately 15.5 million square meters in 2007 to approximately 12.5 million square meters in 2008. On the same basis, average price of all properties sold represents an annual growth rate of approximately 3.9%.

On the basis that the underlying valuation of the Property under the Disposal Consideration is RMB716 million and the gross floor area of approximately 52,700 square meters of the Property as set out above, the average selling price of the Property pursuant to the Disposal Consideration represents RMB13,586 per square meter. This compares to the above table setting out the average prices of properties, residential and office buildings sold in 2008, does represent a considerable premium, even taking into consideration the possible compound annual growth rates of such average prices of properties sold since 2008. It should be noted that the average prices of properties, residential and office buildings as contained in the table above were consisting of all types of properties and at all types of locations.

In light of the above, we are of the view that the GDP growth rates and the various property market statistics of Tianjin would suggest that current market conditions in Tianjin, which has experienced continuous growth in GDP and average property prices, would appear to present an opportunity for the Company to realize its investment in Consco, whose underlying asset is the Property. The statistical data and market information set out above therefore support the reasons cited by the executive Directors for the Disposal in the section below.

6. REASONS FOR THE POTENTIAL ACQUISITION AND THE DISPOSAL AND FINANCIAL IMPLICATIONS THEREOF

As set out in the "Letter From The Board", the Directors consider that the current market conditions present a good opportunity for the Company to realize its investment in Consco through the Disposal. Based on the expected total amount receivable by TDC and Stonehill arising from their disposal of their Sale Shares of approximately HK$369 million (net of minority interests), the unaudited historical carrying value attributable to the Group's investment in Consco through TDC and Stonehill as at 31 March 2010 which amounted to approximately HK$352 million (based on Consco's unaudited management accounts as at 31 March 2010), and the estimated legal and other professional expenses relating to the Disposal of approximately HK$8 million (but without taking into account the estimated profit of Consco from 1 April 2010 to Completion and the expected dividends payment from Consco to the Group prior to Completion, which are to be ascertained in due course), and subject to the Adjustment and barring unforeseen circumstances, the Group expects to record a gain of not less than HK$9 million from the Disposal, the exact amount of which can only be ascertained after preparation of the Completion Accounts.

The "Letter From The Board" also sets out the following:

(i) As shown in the unaudited pro forma consolidated statement of financial position set out in Appendix II to the Circular, assuming Completion had taken place on 31 March 2010, the total assets of the Remaining Group as at 31 March 2010 would be approximately HK$4,308 million, a decrease of approximately HK$528 million as compared with the

Group of approximately HK$4,836 million. On the other hand, the total liabilities of the Remaining Group as at 31 March 2010 would be approximately HK$2,312 million, a decrease of HK$239 million as compared with that of the Group of approximately HK$2,551 million; and

(ii) As stated in Note (10) to the unaudited pro forma financial information of the Remaining Group set out in paragraph 5 of Appendix II, assuming Completion had taken place on 1 April 2009, the estimated gain on Disposal for the Remaining Group is approximately HK$64.8 million (or HK$56.8 million net of the estimated legal and professional fees relating to the Disposal of approximately HK$8 million). Shareholders should note that the exact amount of gain on the Disposal may differ from the aforesaid figure and is dependent on, among other things, the carrying value of the Group's investment in Consco as at the Completion Date and the exchange rate of RMB.

The profits (both before and after tax) of the Group attributable to the Sale Shares held by the Company's interest in TDC and Stonehill for the financial years ended 31 March 2009 and 31 March 2010 are approximately as follows:

	For the year ended 31 March	
	2010	**2009**
	(HK$'000)	*(HK$'000)*
Profit before tax and change in fair value of the Property	19,489	18,105
Change in fair value of the Property	3,977	(8,677)
Profit before tax	23,466	9,428
Profit after tax	17,382	5,893

The apparent increase in the profit after tax attributable to the Sale Shares held by the Company's interest in TDC and Stonehill for the financial year of 2010 is due to revaluation of the Property in 2010 and the consequential increase in fair value of the Property as stated in the accounts for 2010.

The net profits of TIBC for the financial years ended 31 December 2008 and 31 December 2009 are approximately as follows:

	For the year ended 31 December	
	2009	**2008**
	(RMB'000)	*(RMB'000)*
Profit before tax	24,559	24,846
Profit after tax	18,290	18,577

The net proceeds receivable from the Disposal after deducting expenses directly attributable to the Disposal (in the aforesaid sum of approximately HK$8 million), are estimated to amount to approximately HK$516 million, and are intended to be used for additional general working capital, future investment purpose and repayment of bank loans.

In light of the above, the Directors take the view that although the Group will no longer enjoy a stable recurrent income derived from TIBC after Completion, the Disposal will enable the Group to increase its working capital and future investment potential, and will accordingly improve the liquidity and strengthen the overall financial position of the Group as a whole.

Having considered the various pro forma financial effects of the Disposal and the Potential Acquisition as set out below, the economic and market statistical data of Tianjin as set out above, which show a continuous growth trend of GDP, per capita GDP, buildings under construction etc., and as such, an indication of the fact that the Disposal may be timely, given such unprecedented economic growth in Tianjin over the past years, we concur with the Directors in respect of their reasons for the Disposal and the Potential Acquisition.

7. FINANCIAL EFFECTS OF THE POTENTIAL ACQUISITION AND THE DISPOSAL

The financial effects set out below are from the pro forma financial information of the Group as contained in Appendix II to the Circular. Such pro forma financial effects are for illustration purpose only and are based (i) on the audited consolidated statement of financial position of the Group as at 31 March 2010 as if the transactions had taken place on 31 March 2010; and (ii) on the audited consolidated income statement and statement of cash flows of the Group for the year ended 31 March 2010 as if the transactions had taken place on 1 April 2009. The actual financial effects will be based on the Completion Accounts which may differ from the following pro forma financial effects.

7.1 Effects on earnings

Based on the audited consolidated income statement of the Group for the year ended 31 March 2010 and the pro forma unaudited consolidated income statement of the Remaining Group, on a pro forma basis, profit for the year attributable to Shareholders would increase from approximately HK$271.4 million to approximately HK$363.6 million, an increase of approximately HK$92.2 million. Such increase is the result of pro forma adjustments and assumptions, including assuming the Disposal as if the transaction had taken place on 1 April 2009 and any deferred tax liability arising from the Property is disregarded.

The estimated gain on Disposal of approximately HK$56.8 million as referred to in the "Letter From The Board" can be reconciled to the abovementioned HK$92.2 million by taking into account these adjustments: (i) adding gain due to release of exchange reserve in relation to Consco (approximately HK$52.5 million); (ii) deducting deconsolidation of results of Consco (approximately HK$17.4 million); and (iii) adding reversal of eliminated inter-company revenue (approximately HK$0.3 million) (details of which are stated in Appendix II, respectively, Notes 11, 9 and 8 to the unaudited pro forma financial information).

7.2 Effects on assets

Based on the audited consolidated statement of financial position of the Group as at 31 March 2010 and the pro forma unaudited consolidated statement of financial position derived thereof, on a pro forma basis, net assets attributable to Shareholders would increase from approximately

HK$1,474.1 million to approximately HK$1,529.9 million, an increase of approximately HK$55.8 million. Such increase is the result of pro forma adjustments and assumptions, including the de-consolidation of assets and liabilities of the Consco group as if the transaction had taken place on 31 March 2010.

7.3 Effects on gearing

Based on the audited consolidated statement of financial position of the Group as at 31 March 2010 and the pro forma unaudited consolidated statement of financial position derived thereof, on a pro forma basis, the Remaining Group's gearing (defined as total liabilities divided by total equity attributable to Shareholders) would improve from approximately 173 % to approximately 151 %. Such increase is the result of pro forma adjustments and assumptions, including the de-consolidation of assets and liabilities of the Consco group as if the transaction had taken place on 31 March 2010.

7.4 Effects on cash flow

Based on the audited consolidated statement of cash flows of the Group for the year ended 31 March 2010 and the pro forma unaudited consolidated statement of cash flows derived thereof, on a pro forma basis, cash and cash equivalents would increase from approximately HK$1,113.8 million to approximately HK$1,473.9 million, an increase of approximately HK$360.1 million. Such increase is the result of pro forma adjustments and assumptions, including assuming the cash proceeds from the Disposal as if the transaction had taken place on 1 April 2009.

RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider the terms and conditions of the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto, are of normal commercial terms, are in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore, advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the Proposed Resolutions to be proposed at the SGM approving the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition, the Acquisition Mandate, the Disposal and matters relating thereto at the SGM.

Yours faithfully,
for and on behalf of
Centurion Corporate Finance Limited
Baldwin LEE
Managing Director

Set out below are certain financial information of Consco and its subsidiary (the "Consco Group") for the years ended 31 December 2007, 2008 and 2009 and the three months ended 31 March 2010 (the "Financial Information of Consco"), which have been prepared in accordance with the accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2010. The Financial Information of Consco has been reviewed by Ernst & Young, Certified Public Accountants, Hong Kong without any qualifications or modifications.

Consolidated Income Statements

	Year ended 31/12/2007	**Year ended 31/12/2008**	**Year ended 31/12/2009**	**3 months ended 31/3/2009**	**3 months ended 31/3/2010**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
REVENUE	78,744,931	82,342,279	84,095,084	20,803,639	21,211,546
Other income and gains	1,889,563	2,297,519	531,446	28,907	889,201
Operating expenses	(12,821,208)	(14,338,476)	(13,162,618)	(3,241,636)	(4,132,407)
Change in fair value of investment property	(16,472,843)	(9,060,449)	14,172,085	693,077	(4,943,336)
Administrative and other expenses	(26,014,239)	(29,086,026)	(30,370,088)	(8,475,848)	(7,799,911)
PROFIT BEFORE TAX	25,326,204	32,154,847	55,265,909	9,808,139	5,225,093
Income tax expense	42,939,039	(9,160,000)	(15,093,112)	(3,569,061)	(1,532,536)
PROFIT FOR THE YEAR/PERIOD	68,265,243	22,994,847	40,172,797	6,239,078	3,692,557
Attributable to:					
Owners of Consco	54,574,124	18,116,457	31,804,308	4,854,764	2,890,109
Minority interests	13,691,119	4,878,390	8,368,489	1,384,314	802,448
	68,265,243	22,994,847	40,172,797	6,239,078	3,692,557

Consolidated Statements of Comprehensive Income

	Year ended 31/12/2007	Year ended 31/12/2008	Year ended 31/12/2009	3 months ended 31/3/2009	3 months ended 31/3/2010
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
PROFIT FOR THE YEAR/PERIOD	68,265,243	22,994,847	40,172,797	6,239,078	3,692,557
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations, net of tax	45,760,954	36,250,408	981,499	(519,638)	3,345,881
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	114,026,197	59,245,255	41,154,296	5,719,440	7,038,438
Attributable to:					
Owners of Consco	91,121,816	47,116,747	32,589,431	4,439,091	5,566,801
Minority interests	22,904,381	12,128,508	8,564,865	1,280,349	1,471,637
	114,026,197	59,245,255	41,154,296	5,719,440	7,038,438

Consolidated Statements of Financial Position

	31/12/2007	31/12/2008	31/12/2009	31/3/2010
	HK$	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS				
Property, plant and equipment	11,172,307	10,173,977	7,806,653	7,240,475
Investment property	834,600,000	873,600,000	889,200,000	889,200,000
Total non-current assets	845,772,307	883,773,977	897,006,653	896,440,475
CURRENT ASSETS				
Inventories	675,098	799,149	822,268	823,680
Trade receivables, prepayments and deposits	912,963	1,850,658	3,015,004	1,453,733
Due from shareholders	15,056,250	15,056,250	2,543,750	2,543,750
Due from intermediate holding company	7,600,000	25,650,000	41,700,000	41,700,000
Due from the ultimate holding company	43,868,290	43,868,290	33,868,290	33,868,289
Time deposits	23,720,768	26,248,794	44,550,542	47,029,211
Cash and bank balances	11,228,246	23,691,472	19,509,244	27,846,943
Total current assets	103,061,615	137,164,613	146,009,098	155,265,606
CURRENT LIABILITIES				
Trade payables and accruals	8,592,912	10,849,954	10,035,579	10,567,027
Rental and other deposits received	16,665,207	17,563,016	17,596,685	17,659,239
Due to a fellow subsidiary	237	1,395	1,343	1,966
Tax payable	1,917,708	1,235,972	1,737,715	1,821,316
Total current liabilities	27,176,064	29,650,337	29,371,322	30,049,548
NET CURRENT ASSETS	75,885,551	107,514,276	116,637,776	125,216,058
TOTAL ASSETS LESS CURRENT LIABILITIES	921,657,858	991,288,253	1,013,644,429	1,021,656,533

	31/12/2007	31/12/2008	31/12/2009	31/3/2010
	HK$	*HK$*	*HK$*	*HK$*
NON-CURRENT LIABILITIES				
Loans from shareholders	61,840,000	61,840,000	61,840,000	61,840,000
Deferred tax liabilities	186,180,955	200,376,376	207,829,159	208,802,825
Total non-current liabilities	248,020,955	262,216,376	269,669,159	270,642,825
Net assets	673,636,903	729,071,877	743,975,270	751,013,708
EQUITY				
Equity attributable to owners of Consco				
Issued capital	100,000	100,000	100,000	100,000
Reserves	540,676,655	587,793,402	598,182,833	603,749,634
	540,776,655	587,893,402	598,282,833	603,849,634
Minority interests	132,860,248	141,178,475	145,692,437	147,164,074
Total equity	673,636,903	729,071,877	743,975,270	751,013,708

Consolidated Statements of Cash Flows

	Year ended 31/12/2007 *HK$*	Year ended 31/12/2008 *HK$*	Year ended 31/12/2009 *HK$*	3 months ended 31/3/2009 *HK$*	3 months ended 31/3/2010 *HK$*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	25,326,204	32,154,847	55,265,909	9,808,139	5,225,093
Adjustments for:					
Interest income	(527,450)	(474,753)	(66,967)	(23,595)	(689,084)
Depreciation	2,950,334	3,215,051	2,729,867	692,531	681,439
Loss on disposal and write-off of items of property, plant and equipment	68,991	110,157	55,955	11,347	7,418
Change in fair value of investment property	16,472,843	9,060,449	(14,172,085)	(693,077)	4,943,336
	44,290,922	44,065,751	43,812,679	9,795,345	10,168,202
Decrease/(increase) in inventories	56,762	(124,051)	(23,119)	(7,769)	(1,412)
Decrease/(increase) in trade receivables, prepayments and deposits	289,292	(937,695)	(1,164,346)	(1,078,294)	1,561,271
Decrease in due from shareholders	17,531,250	—	12,512,500	—	—
Increase in due from intermediate holding company	(7,600,000)	(18,050,000)	(16,050,000)	(16,000,000)	—
Decrease/(increase) in due from the ultimate holding company	(4,000,000)	—	10,000,000	—	—
Decrease in due from fellow subsidiaries	205,000	—	—	—	—
Increase/(decrease) in trade payables and accruals	(1,154,206)	2,257,042	(814,375)	307,449	531,448
Increase in rental and other deposits received	1,502,599	897,809	33,669	1,360,413	62,554
Increase/(decrease) in due to a fellow subsidiary	(300,070)	1,158	(52)	3,218	623
Cash generated from operations	50,821,549	28,110,014	48,306,956	(5,619,638)	12,322,686

	Year ended 31/12/2007 *HK$*	Year ended 31/12/2008 *HK$*	Year ended 31/12/2009 *HK$*	3 months ended 31/3/2009 *HK$*	3 months ended 31/3/2010 *HK$*
Taxes paid in the People's Republic of China	(9,400,591)	(7,729,839)	(7,465,884)	(1,980,313)	(1,590,583)
Net cash flows from operating activities	41,420,958	20,380,175	40,841,072	(7,599,951)	10,732,103
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	527,450	474,753	66,967	23,595	689,084
Proceeds from disposal of items of property, plant and equipment	36,146	5,064	7,490	5,193	241
Purchases of items of property, plant and equipment	(2,302,277)	(2,331,942)	(425,988)	(167,267)	(122,935)
Transfer from/(addition to) investment property	(14,678,843)	273,655	(118,731)	—	(482,080)
Increase in time deposit with original maturity more than three months when acquired	—	—	(18,277,145)	—	(186,079)
Net cash flows used in investing activities	(16,417,524)	(1,578,470)	(18,747,407)	(138,479)	(101,769)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders	(25,500,000)	—	(22,200,000)	—	—
Dividend paid to a minority shareholder	(3,074,986)	(3,810,281)	(4,050,903)	(4,050,905)	—
Net cash flows used in financing activities	(28,574,986)	(3,810,281)	(26,250,903)	(4,050,905)	—

	Year ended 31/12/2007 HK$	Year ended 31/12/2008 HK$	Year ended 31/12/2009 HK$	3 months ended 31/3/2009 HK$	3 months ended 31/3/2010 HK$
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,571,552)	14,991,424	(4,157,238)	(11,789,335)	10,630,334
Cash and cash equivalents at beginning of year/period	38,518,267	34,949,014	49,940,266	49,940,266	45,782,641
Effect of foreign exchange rate changes, net	2,299	(172)	(387)	164	(45)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	34,949,014	49,940,266	45,782,641	38,151,095	56,412,930
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	11,228,246	23,691,472	19,509,244	11,907,293	27,846,943
Non-pledged time deposits with original maturity of less than three months when acquired	23,720,768	26,248,794	26,273,397	26,243,802	28,565,987
Cash and cash equivalents as stated in the statements of cash flows	34,949,014	49,940,266	45,782,641	38,151,095	56,412,930
Non-pledged time deposits with original maturity of more than three months when acquired	—	—	18,277,145	—	18,463,224
Cash and cash equivalents as stated in the statements of financial position	34,949,014	49,940,266	64,059,786	38,151,095	74,876,154

Consolidated Statements of Changes in Equity

For the three years ended 31 December 2007, 2008 and 2009 and the 3 months ended 31 March 2010

	Attributable to the owners of Consco						
	Issued capital	Statutory reserves	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2006	100,000	6,243,845	8,932,243	410,489,436	425,765,524	103,551,018	529,316,542
Total comprehensive income for the year	—	—	16,077,702	33,311,613	49,389,315	12,476,178	61,865,493
Dividend paid to a minority shareholder	—	—	—	—	—	(2,996,343)	(2,996,343)
Transfer from retained profits	—	123,560	—	(123,560)	—	—	—
At 31 December 2006 and 1 January 2007	100,000	6,367,405	25,009,945	443,677,489	475,154,839	113,030,853	588,185,692
Total comprehensive income for the year	—	—	36,547,692	54,574,124	91,121,816	22,904,381	114,026,197
Dividend paid	—	—	—	(25,500,000)	(25,500,000)	—	(25,500,000)
Dividend paid to a minority shareholder	—	—	—	—	—	(3,074,986)	(3,074,986)
Transfer from retained profits	—	126,806	—	(126,806)	—	—	—
At 31 December 2007 and 1 January 2008	100,000	6,494,211	61,557,637	472,624,807	540,776,655	132,860,248	673,636,903
Total comprehensive income for the year	—	—	29,000,290	18,116,457	47,116,747	12,128,508	59,245,255
Dividend paid to a minority shareholder	—	—	—	—	—	(3,810,281)	(3,810,281)
Transfer from retained profits	—	157,123	—	(157,123)	—	—	—
At 31 December 2008	100,000	6,651,334	90,557,927	490,584,141	587,893,402	141,178,475	729,071,877

	Attributable to the owners of Consco						
	Issued capital	**Statutory reserves**	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Minority interests**	**Total equity**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2009	100,000	6,651,334	90,557,927	490,584,141	587,893,402	141,178,475	729,071,877
Total comprehensive income for the year	—	—	785,123	31,804,308	32,589,431	8,564,865	41,154,296
Dividend paid	—	—	—	(22,200,000)	(22,200,000)	—	(22,200,000)
Dividend paid to a minority shareholder	—	—	—	—	—	(4,050,903)	(4,050,903)
Transfer from retained profits	—	167,045	—	(167,045)	—	—	—
At 31 December 2009 and 1 January 2010	100,000	6,818,379	91,343,050	500,021,404	598,282,833	145,692,437	743,975,270
Total comprehensive income for the period	—	—	2,676,692	2,890,109	5,566,801	1,471,637	7,038,438
At 31 March 2010	100,000	6,818,379	94,019,742	502,911,513	603,849,634	147,164,074	751,013,708
At 1 January 2009	100,000	6,651,334	90,557,927	490,584,141	587,893,402	141,178,475	729,071,877
Total comprehensive income for the period	—	—	(415,673)	4,854,764	4,439,091	1,280,349	5,719,440
Dividend paid to a minority shareholder	—	—	—	—	—	(4,050,903)	(4,050,903)
Transfer from retained profits	—	167,045	—	(167,045)	—	—	—
At 31 March 2009	100,000	6,818,379	90,142,254	495,271,860	592,332,493	138,407,921	730,740,414

A. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of incorporation in this circular, received from Ernst & Young, Certified Public Accountants, Hong Kong

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

28 July 2010

The Directors
Tysan Holdings Limited
11th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Tysan Holdings Limited (the "Company") and its subsidiaries and associates (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information") set out on pages 53 to 69 in Appendix II to the circular of the Company dated 28 July 2010 (the "Circular") in connection with the very substantial disposal and connected transaction (the "Transaction") being the joint disposal of the equity interest in Consco Investment Company Limited ("Consco"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information presented in respect of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 53 to the Circular.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2010 or any future dates; or

- the results and the cash flows of the Group for the year ended 31 March 2010 or any future periods.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

B. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect that the transaction (the "Transaction"), which comprises (1) the assignment of the shareholders' loans owed and payable by Consco Investment Company Limited ("Consco") to Stonehill Limited ("Stonehill") and Tianjin Development Company Limited ("TDC"), subsidiaries of the Remaining Group and shareholders of Consco, on a dollar-for-dollar basis; and (2) the disposal of Stonehill's and TDC's aggregate interests of 68.75% in Consco and its subsidiary, Tianjin International Building Co. Ltd. ("TIBC"), (collectively referred to as the "Consco Group"), might have on the financial information of the Group.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Company, its subsidiaries and associates (collectively referred to as the "Group" in this appendix) as at 31 March 2010, after giving effect to the pro forma adjustments as explained in note 5 to Part C of this appendix below, for the purpose of illustrating the effect of the Transaction on the financial position of the Group as if the Transaction had taken place on 31 March 2010.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma statement of cash flows of the Remaining Group are prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2010, after giving the effect to the pro forma adjustments as explained in note 5 to Part C of this appendix below, for the purpose of illustrating the effect of the Transaction on the results and cash flows of the Group as if the Transaction had taken place on 1 April 2009.

The unaudited pro forma financial information of the Remaining Group has been prepared for illustrative purposes only and because of their hypothetical nature, they may not give a true picture of the financial position of the Remaining Group had the Transaction been completed as at 31 March 2010 or at any future dates and of the results and cash flows of the Remaining Group for the year ended 31 March 2010 or any future periods had the Transaction been completed on 1 April 2009 or at any future dates.

C. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Unaudited pro forma consolidated statement of financial position

	Consolidated statement of financial position of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	
NON-CURRENT ASSETS									
Property, plant and equipment	181,211	(7,240)	—	—	—	—	—	—	173,971
Investment properties	1,258,540	(889,200)	—	—	—	—	—	—	369,340
Prepaid land lease payments	100,786	—	—	—	—	—	—	—	100,786
Properties under development	346,769	—	—	—	—	—	—	303	347,072
Deposits paid	353,514	—	—	—	—	—	—	—	353,514
Interests in associates	19,632	—	—	—	—	—	—	—	19,632
Other assets	1,020	—	—	—	—	—	—	—	1,020
Deferred tax assets	63,071	—	—	—	—	—	—	—	63,071
Restricted cash	22,836	—	—	—	—	—	—	—	22,836
Total non-current assets	2,347,379								1,451,242
CURRENT ASSETS									
Properties under development	265,888	—	—	—	—	—	—	—	265,888
Equity investments at fair value through profit or loss	4,002	—	—	—	—	—	—	—	4,002
Inventories	25,910	(824)	—	—	—	—	—	—	25,086
Properties held for sale	197,649	—	—	—	—	—	—	—	197,649
Amounts due from customers for contract works	92,639	—	—	—	—	—	—	—	92,639
Amounts due from group companies	—	(78,110)	78,110	—	—	—	—	—	—
Trade receivables	397,441	(1,027)	—	—	—	—	—	—	396,414
Other receivables, prepayments and deposits	56,947	(427)	—	—	—	—	—	—	56,520
Derivative financial instruments	12	—	—	—	—	—	—	—	12
Tax prepaid	7,403	—	—	—	—	—	—	—	7,403
Time deposits	952,375	(47,029)	—	—	—	—	—	—	905,346
Restricted cash	91,344	—	—	—	—	—	—	—	91,344
Cash and bank balances	396,865	(27,847)	(78,110)	42,515	(9,209)	490,016	—	—	814,230
Total current assets	2,488,475								2,856,533

	Consolidated statement of financial position of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	
CURRENT LIABILITIES									
Trade payables and accruals	376,529	(20)	—	—	—	—	—	—	376,509
Other payables, deposits received and receipts in advance	38,012	(28,207)	—	—	—	—	—	—	9,805
Derivative financial instruments	293	—	—	—	—	—	—	—	293
Amounts due to customers for contract works	201,434	—	—	—	—	—	—	—	201,434
Deposits received	438,315	—	—	—	—	—	—	—	438,315
Interest-bearing bank borrowings	194,537	—	—	—	—	—	—	—	194,537
Tax payable	420,440	(1,821)	—	—	—	—	—	—	418,619
Total current liabilities	1,669,560								1,639,512
NET CURRENT ASSETS	818,915								1,217,021
TOTAL ASSETS LESS CURRENT LIABILITIES	3,166,294								2,668,263
NON-CURRENT LIABILITIES									
Interest-bearing bank borrowings	510,238	—	—	—	—	—	—	—	510,238
Derivative financial instruments	1,453	—	—	—	—	—	—	—	1,453
Loan from shareholders of Consco Group	—	(61,840)	—	61,840	—	—	—	—	—
Loan from an associate	24,560	—	—	—	—	—	—	—	24,560
Deferred tax liabilities	345,027	(208,803)	—	—	—	—	—	—	136,224
Total non-current liabilities	881,278								672,475
Net assets	2,285,016								1,995,788
EQUITY									
Equity attributable to ordinary equity holders of the Company									
Issued capital	84,531	—	—	—	—	—	—	—	84,531
Reserves	1,389,611	—	—	—	(8,016)	74,870	(11,435)	303	1,445,333
	1,474,142								1,529,864
Minority interests	810,874	(147,164)	—	(19,325)	(1,193)	(188,703)	11,435	—	465,924
Total equity	2,285,016								1,995,788

2. Unaudited pro forma consolidated income statement

	Consolidated income statement of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 9*	*Note 10*	*Note 11*	*Note 5*	*Note 8*	
REVENUE	2,134,517	(84,503)	—	—	—	303	2,050,317
Cost of sales	(1,415,300)	43,532	—	—	—	—	(1,371,768)
Gross profit	719,217						678,549
Other income and gains	30,754	(1,572)	76,511	52,508	(9,209)	—	148,992
Selling expenses	(18,884)	—	—	—	—	—	(18,884)
Administrative expenses	(43,475)	300	—	—	—	—	(43,175)
Changes in fair value of investment properties	71,840	(8,535)	—	—	—	—	63,305
Other expenses, net	(5,200)	95	—	—	—	—	(5,105)
Finance costs	(11,721)	—	—	—	—	—	(11,721)
Share of profits of associates	277	—	—	—	—	—	277
PROFIT BEFORE TAX	742,808						812,238
Income tax expense	(353,860)	13,056	—	—	—	—	(340,804)
PROFIT FOR THE YEAR	388,948						471,434
Attributable to:							
Ordinary equity holders of the Company	271,424	(17,382)	64,826	52,508	(8,016)	303	363,663
Minority interests	117,524	(20,245)	11,685	—	(1,193)	—	107,771
	388,948						471,434

3. Unaudited pro forma consolidated statement of comprehensive income

	Consolidated statement of comprehensive income of the Group for the year ended 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 9*	*Note 10*	*Note 11*	*Note 5*	*Note 8*	
PROFIT FOR THE YEAR	388,948	(37,627)	76,511	52,508	(9,209)	303	471,434
OTHER COMPREHENSIVE INCOME							
Exchange difference on translation of financial statements of overseas subsidiaries	16,203	(4,847)	—	—	—	—	11,356
Release of exchange fluctuation reserve upon disposal of subsidiaries	—	—	—	(52,508)	—	—	(52,508)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	16,203						(41,152)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	405,151						430,282
Attributable to:							
Ordinary equity holders of the Company	280,361	(19,641)	64,826	—	(8,016)	303	317,833
Minority interests	124,790	(22,833)	11,685	—	(1,193)	—	112,449
	405,151						430,282

4. Unaudited pro forma consolidated statement of cash flows

	Consolidated statement of cash flows of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 12*	*Note 13*	*Note 4*	*Note 14*	*Note 11*	*Note 5*	*Note 8*	
CASH FLOWS FROM OPERATING ACTIVITIES									
Profit before tax	742,808	(50,683)	—	—	76,511	52,508	(9,209)	303	812,238
Adjustments for:									
Finance costs	11,721	—	—	—	—	—	—	—	11,721
Share of profits of associates	(277)	—	—	—	—	—	—	—	(277)
Interest income	(1,301)	732	—	—	—	—	—	—	(569)
Dividend income from listed investments	(94)	—	—	—	—	—	—	—	(94)
Gain on disposal and write-off of items of property, plant and equipment	(12,098)	(52)	—	—	—	—	—	—	(12,150)
Gain on disposal of an investment property	(7,598)	—	—	—	—	—	—	—	(7,598)
Loss/(gain) on disposal of partial interests in subsidiaries, net	143	—	—	—	(76,511)	(52,508)	9,209	—	(119,667)
Equity-settled share option expense	2,054	—	—	—	—	—	—	—	2,054
Depreciation	44,216	(2,719)	—	—	—	—	—	—	41,497
Recognition of prepaid land lease payments	2,781	—	—	—	—	—	—	—	2,781
Fair value losses on derivative financial instruments	2,135	—	—	—	—	—	—	—	2,135
Fair value gains on equity investments at fair value through profit or loss	(1,501)	—	—	—	—	—	—	—	(1,501)
Changes in fair value of investment properties	(71,840)	8,535	—	—	—	—	—	—	(63,305)
Write-back of impairment of other assets	(20)	—	—	—	—	—	—	—	(20)
Impairment of trade receivables	140	—	—	—	—	—	—	—	140
Reversal of write-down of inventories to net realisable value	(21)	—	—	—	—	—	—	—	(21)
Impairment of an amount due from an associate	10	—	—	—	—	—	—	—	10
	711,258								667,374

	Consolidated statement of cash flows of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 12*	*Note 13*	*Note 4*	*Note 14*	*Note 11*	*Note 5*	*Note 8*	
Decrease in properties under development and properties held for sale	252,622	—	—	—	—	—	—	(303)	252,319
Decrease in inventories	5,394	17	—	—	—	—	—	—	5,411
Increase in amounts due from customers for contract works	(46,327)	—	—	—	—	—	—	—	(46,327)
Increase in trade receivables	(107,342)	39	—	—	—	—	—	—	(107,303)
Increase in other receivables, prepayments and deposits	(28,757)	(1,514)	—	—	—	—	—	—	(30,271)
Decrease in amounts due to Consco Group	—	(7,197)	(100,569)	—	—	—	—	—	(107,766)
Decrease in trade payables and accruals	(14,610)	(20)	—	—	—	—	—	—	(14,630)
Decrease in other payables, deposits received and receipts in advance	(16,684)	1,874	—	—	—	—	—	—	(14,810)
Increase in amounts due to customers for contract works	73,093	—	—	—	—	—	—	—	73,093
Increase in deposits received	403,207	—	—	—	—	—	—	—	403,207
Cash generated from operations	1,231,854								1,080,297
Taxes paid in the People's Republic of China (the "PRC"):									
Hong Kong	(8,287)	—	—	—	—	—	—	—	(8,287)
Elsewhere	(40,955)	7,076	—	—	—	—	—	—	(33,879)
Taxes refunded in the PRC:									
Hong Kong	—	—	—	—	—	—	—	—	—
Elsewhere	159	—	—	—	—	—	—	—	159
Effect of foreign exchange rate changes, net	(212)	—	—	—	—	—	—	—	(212)
Net cash flows from operating activities	1,182,559								1,038,078

	Consolidated statement of cash flows of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 12*	*Note 13*	*Note 4*	*Note 14*	*Note 11*	*Note 5*	*Note 8*	
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest received	1,301	(732)	—	—	—	—	—	—	569
Dividend income from listed investments	94	—	—	—	—	—	—	—	94
Dividend income from an associate	490	—	—	—	—	—	—	—	490
Purchases of items of property, plant and equipment	(49,301)	382	—	—	—	—	—	—	(48,919)
Additions to investment properties	(601)	601	—	—	—	—	—	—	—
Deposits paid for acquisition of items of property, plant and equipments	(2,125)	—	—	—	—	—	—	—	(2,125)
Proceeds on disposal of items of property plant and equipment	12,315	(2)	—	—	—	—	—	—	12,313
Proceeds on disposal of an investment property	36,558	—	—	—	—	—	—	—	36,558
Disposal of subsidiaries	(12,555)	—	—	42,515	483,740	—	(9,209)	—	504,491
Increase in amount due from an associate	(10)	—	—	—	—	—	—	—	(10)
Increase in restricted cash	(57,505)	—	—	—	—	—	—	—	(57,505)
Increase in time deposits with original maturity more than three months when acquired	(233,187)	18,463	—	—	—	—	—	—	(214,724)
Net cash flows used in investing activities	(304,526)								231,232

	Consolidated statement of cash flows of the Group at 31 March 2010	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Pro forma adjustment	Unaudited pro forma of the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 12*	*Note 13*	*Note 4*	*Note 14*	*Note 11*	*Note 5*	*Note 8*	
CASH FLOWS FROM FINANCING ACTIVITIES									
Interest paid on bank borrowings	(12,960)	—	—	—	—	—	—	—	(12,960)
Decrease in trust receipt loans	(43,000)	—	—	—	—	—	—	—	(43,000)
New bank borrowings	1,401,170	—	—	—	—	—	—	—	1,401,170
Repayment of bank borrowings	(1,293,565)	—	—	—	—	—	—	—	(1,293,565)
Issue of new shares for share options exercised	5,822	—	—	—	—	—	—	—	5,822
Dividends paid to minority shareholders	(16,405)	6,938	—	—	—	—	—	—	(9,467)
Repayment of loans from minority shareholders	(1,173)	—	—	—	—	—	—	—	(1,173)
Interim dividend paid	(12,588)	—	—	—	—	—	—	—	(12,588)
Final dividend paid	(12,573)	—	—	—	—	—	—	—	(12,573)
Net cash flows from financing activities	14,728								21,666
NET INCREASE IN CASH AND CASH EQUIVALENTS	892,761								1,290,976
Cash and cash equivalents at beginning of year	219,688	(38,151)	—	—	—	—	—	—	181,537
Effect of foreign exchange rate changes, net	1,399	—	—	—	—	—	—	—	1,399
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,113,848								1,473,912

	Consolidated statement of cash flows of the Group at 31 March 2010	**Pro forma adjustment**	**Pro forma adjustment**	**Pro forma adjustment**	**Pro forma adjustment**	**Pro forma adjustment**	**Pro forma adjustment**	**Pro forma adjustment**	**Unaudited pro forma of the Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 12*	*Note 13*	*Note 4*	*Note 14*	*Note 11*	*Note 5*	*Note 8*	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS									
Cash and bank balances	396,865	(27,847)	(100,569)	42,515	483,740	—	(9,209)	—	785,495
Non-pledged time deposits with original maturity of less than three months when acquired	716,983	(28,566)	—	—	—	—	—	—	688,417
Cash and cash equivalents as stated in the consolidated statement of cash flows	1,113,848								1,473,912
Non-pledged time deposits with original maturity of more than three months when acquired	235,392	(18,463)	—	—	—	—	—	—	216,929
Cash and cash equivalents as stated in the consolidated statement of financial position	1,349,240								1,690,841

5. Notes to unaudited pro forma financial information

(1) The consolidated statement of financial position of the Group as at 31 March 2010, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year ended 31 March 2010 are extracted from the audited financial statements of the Group for the year ended 31 March 2010.

(2) The adjustment reflects the de-consolidation of assets and liabilities of the Consco Group, assuming the Transaction had taken place on 31 March 2010.

(3) The adjustment reflects the settlement of the amounts due to the Consco Group of HK$78,110,000 as at 31 March 2010 by companies comprising the Remaining Group.

(4) The adjustment reflects the cash consideration received from the Purchaser for the assignment of the debt payable to Stonehill and TDC, subsidiaries of the Company, of total of HK$42,515,000 as at 31 March 2010 and 1 April 2009 on a dollar-for-dollar basis.

(5) The adjustment reflects the payment of the estimated legal and professional fees in relation to the Transaction of HK$9,209,000 and minority interests' share of the legal and professional fees of HK$1,193,000.

(6) The adjustment reflects the assumed cash consideration of HK$490,016,000 to be received from the disposal of 68.75% interests in Consco Group by Stonehill and TDC, assuming the Transaction had taken place on 31 March 2010. The assumed cash consideration of HK$490,016,000 for the disposal of 68.75% interests in the Consco Group is determined, pursuant to the Disposal Agreement, based on the net assets value of the Consco Group as at 31 March 2010 with the amount of the Property valued at RMB716 million and that any amount of deferred tax liability arising from the Property is disregarded.

The assumed cash consideration of HK$490,016,000 for the disposal of 68.75% interests in Consco Group is arrived as follows:

	HK$'000
Net asset value of Consco Group at 31 March 2010	751,013
Decrease in fair value arising from valuing the investment property of Consco Group at RMB716 million pursuant to the Disposal Agreement (RMB716 million x 1.1418[a] - HK$889,200,000[b])	(71,671)
Change in deferred tax liability in relation to the revaluation deficit (HK$71,671,000 x 25%)	17,918
Adjusted net asset value of Consco Group at 31 March 2010	697,260
Add: Adjusted deferred tax liability arising from investment property (HK$207,798,000[c] - HK$17,918,000)	189,880
	887,140
Less: Minority interest (20% interest in TIBC)	(174,389)
Assumed cash consideration for the disposal of 100% interests in Consco Group on 31 March 2010	712,751
Assumed cash consideration for the disposal of 68.75% interests in Consco Group on 31 March 2010	490,016

(a) Exchange rate at 31 March 2010 of RMB1 = HK$1.1418

(b) Being the carrying value of investment property of Consco Group at 31 March 2010

(c) Being Consco Group's deferred tax liability in relation to revaluation of investment property at 31 March 2010

The estimated increase in reserves by HK$74,870,000 is calculated by: (i) adding the assumed cash consideration of HK$490,016,000 received from the disposal of 68.75%

interests in the Consco Group by Stonehill and TDC; and (ii) deducting the Stonehill and TDC's aggregate interests of 68.75% in assets and liabilities of the Consco Group less minority interest of HK$415,146,000 as at 31 March 2010.

(7) The adjustment reflects the 28% minority interests' share of TDC's gain on disposal of its 37.5% interests in the Consco Group of HK$40,838,000, amounting to approximately HK$11,435,000, assuming the Transaction had taken place on 31 March 2010.

(8) The adjustment reflects the reversal of eliminated intercompany revenue of HK$303,000 generated by the Consco Group from subsidiary of the Remaining Group during the year ended 31 March 2010.

(9) The adjustment reflects the de-consolidation of the results of the Consco Group for the year ended 31 March 2010, assuming the Transaction had taken place on 1 April 2009.

The results of the Consco Group for the year ended 31 March 2010 was derived based on the Financial Information of Consco presented in Appendix I as follows:

	Year ended 31/12/2009	**3 months ended 31/3/2009**	**3 months ended 31/3/2010**	**Reclassification adjustments**	**Year ended 31/3/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	[i]	*[ii]*	*[iii]*	*[iv]*	*[v]=[i]-[ii]+[iii]+[iv]*
TURNOVER	84,095	20,804	21,212	—	84,503
Cost of sales	—	—	—	(43,532)	(43,532)
Gross profit	84,095	20,804	21,212	(43,532)	40,971
Other income and gains	531	29	889	181	1,572
Administrative expenses	—	—	—	(300)	(300)
Changes in fair value of investment property	14,172	693	(4,944)	—	8,535
Other expenses, net	—	—	—	(95)	(95)
Operating expenses	(13,162)	(3,242)	(4,132)	14,052	—
Administrative and other expenses	(30,370)	(8,476)	(7,800)	29,694	—
PROFIT BEFORE TAX	55,266	9,808	5,225	—	50,683
Income tax expenses	(15,093)	(3,569)	(1,532)	—	(13,056)
PROFIT FOR THE YEAR/PERIOD	40,173	6,239	3,693	—	37,627

	Year ended 31/12/2009 *HK$'000* *[i]*	3 months ended 31/3/2009 *HK$'000* *[ii]*	3 months ended 31/3/2010 *HK$'000* *[iii]*	Reclassification adjustments *HK$'000* *[iv]*	Year ended 31/3/2010 *HK$'000* *[v]=[i]-[ii]+[iii]+[iv]*
Attributable to:					
Owners of Consco	31,805	4,855	2,890	(29,840)	—
Ordinary equity holders of the Company	—	—	—	17,382	17,382
Minority interests	8,368[vi]	1,384[vii]	803[viii]	12,458	20,245*
	40,173	6,239	3,693	—	37,627
PROFIT FOR THE YEAR/PERIOD	40,173	6,239	3,693	—	37,627
OTHER COMPREHENSIVE INCOME					
Exchange differences on translation of foreign operations, net of tax	981	(520)	3,346	—	4,847
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	41,154	5,719	7,039	—	42,474
Attributable to:					
Owners of Consco	32,590	4,439	5,567	(33,718)	—
Ordinary equity holders of the Company	—	—	—	19,641	19,641
Minority interests	8,564[ix]	1,280[x]	1,472[xi]	14,077	22,833**
	41,154	5,719	7,039	—	42,474

* Being the 20% minority interest's share of TIBC's profit for the year ended 31 March 2010 of HK$7,787,000 (i.e [vi]-[vii]+[viii]) and 41.75% minority interests' share of Consco Group's profit for the year ended 31 March 2010 of HK$12,458,000 (i.e. (HK$37,627,000 - HK$7,787,000) x 41.75%).

** Being the 20% minority interest's share of TIBC's total comprehensive income for the year ended 31 March 2010 of HK$8,756,000 (i.e [ix]-[x]+[xi]) and 41.75% minority interests' share of Consco Group's total comprehensive income for the year ended 31 March 2010 of HK$14,077,000 (i.e. (HK$42,474,000 - HK$8,756,000) x 41.75%).

(10) The adjustment reflects the estimated gain by the Group on disposal of its 68.75% interests in the Consco Group of HK$76,511,000, assuming the Transaction had taken place on 1 April 2009, and the 28% minority interests' share of TDC's gain on disposal of 37.5% interests in the Consco Group of HK$41,733,000, amounted to approximately HK$11,685,000. The estimated gain by the Group of HK$76,511,000 is the difference of: (i) the assumed cash consideration of HK$483,740,000 received from the disposal of 68.75% interests in the Consco Group by Stonehill and TDC; and (ii) the Stonehill and TDC's aggregate interests of 68.75% in assets and liabilities of the Consco Group less minority interest of HK$407,229,000 as at 1 April 2009.

The assumed cash consideration of HK$483,740,000 for the disposal of 68.75% interests in the Consco Group is determined, pursuant to the Disposal Agreement, based on the net assets value of the Consco Group as at 1 April 2010 with the amount of the Property valued at RMB716 million and that any amount of deferred tax liability arising from the Property is disregarded.

The assumed cash consideration of HK$483,740,000 for the disposal of 68.75% interests in Consco Group is arrived as follows:

	HK$'000
Net asset value of Consco Group at 1 April 2009	730,740
Decrease in fair value arising from valuing the investment property of Consco Group at RMB716 million pursuant to the Disposal Agreement (RMB716 million x 1.1335[(d)] - HK$873,600,000[(e)])	(62,014)
Change in deferred tax liability in relation to the revaluation deficit (HK$62,014,000 x 25%)	15,504
Adjusted net asset value of Consco Group at 1 April 2009	684,230
Add: Adjusted deferred tax liability arising from investment property (HK$201,126,000[(f)] - HK$15,504,000)	185,622
	869,852
Less: Minority interest (20% interest in TIBC)	(166,230)
Assumed cash consideration for the disposal of 100% interests in Consco Group on 1 April 2009	703,622
Assumed cash consideration for the disposal of 68.75% interests in Consco Group on 1 April 2009	483,740

(d) Exchange rate at 1 April 2009 of RMB1 = HK$1.1335

(e) Being the carrying value of investment property of Consco Group at 1 April 2009

(f) Being Consco Group's deferred tax liability in relation to revaluation of investment property at 1 April 2009

(11) The adjustment reflects the release of exchange fluctuation reserve in relation to the Consco Group of HK$52,508,000 at 1 April 2009, assuming the Transaction had taken place on 1 April 2009.

(12) The adjustment reflects the exclusion of the cash flows of the Consco Group for the year ended 31 March 2010, assuming the Transaction had taken place on 1 April 2009.

Cash flows of Consco Group for the year ended 31 March 2010 was derived based on the Financial Information of Consco presented in Appendix I as follows:

	Year ended 31/12/2009	**3 months ended 31/3/2009**	**3 months ended 31/3/2010**	**Reclassification adjustments**	**Year ended 31/3/2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	[i]	*[ii]*	*[iii]*	*[iv]*	*[v]=[i]-[ii]+ [iii]+[iv]*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	55,266	9,808	5,225	—	50,683
Adjustments for:					
Interest income	(67)	(24)	(689)	—	(732)
Loss on disposal and write-off of items of property, plant and equipment	56	11	7	—	52
Depreciation	2,730	692	681	—	2,719
Changes in fair value of investment property	(14,172)	(693)	4,944	—	(8,535)
	43,813	9,794	10,168	—	44,187
Increase in inventories	(23)	(7)	(1)	—	(17)
Decrease/(increase) in trade receivables, prepayments and deposits	(1,164)	(1,078)	1,561	(1,475)	—
Increase in trade receivables	—	—	—	(39)	(39)
Decrease in other receivables, prepayments and deposits	—	—	—	1,514	1,514
Decrease in due from shareholders	12,512	—	—	(12,512)	—
Increase in due from intermediate holding company	(16,050)	(16,000)	—	50	—
Decrease in due from the ultimate holding company	10,000	—	—	(10,000)	—
Increase in due to a fellow subsidiary	—	3	—	3	—
Decrease in amounts due to Consco Group	—	—	—	7,197	7,197
Increase/(decrease) in trade payables and accrual	(814)	307	532	609	20
Increase in rental and other deposits received	33	1,361	63	1,265	—
Decrease in other payables, deposits received and receipts in advance	—	—	—	(1,874)	(1,874)

	Year ended 31/12/2009	3 months ended 31/3/2009	3 months ended 31/3/2010	Reclassification adjustments	Year ended 31/3/2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	[i]	*[ii]*	*[iii]*	*[iv]*	*[v]=[i]-[ii]+[iii]+[iv]*
Cash generated from/(used in) operations	48,307	(5,620)	12,323	(15,262)	50,988
Tax paid in PRC	(7,466)	(1,980)	(1,590)	—	(7,076)
Net cash flows from/(used in) operating activities	40,841	(7,600)	10,733	(15,262)	43,912
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	67	24	689	—	732
Proceeds from disposal of items of property, plant and equipment	7	5	—	—	2
Purchases of items of property, plant and equipment	(426)	(167)	(123)	—	(382)
Addition to investment property	(119)	—	(482)	—	(601)
Increase in time deposit with original maturity more than three months when acquired	(18,277)	—	(186)	—	(18,463)
Net cash flows used in investing activities	(18,748)	(138)	(102)	—	(18,712)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to shareholders	(22,200)	—	—	15,262	(6,938)
Dividend paid to a minority shareholder of a subsidiary	(4,051)	(4,051)	—	—	—
Net cash flows used in financing activities	(26,251)	(4,051)	—	15,262	(6,938)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,158)	(11,789)	10,631	—	18,262

(13) The adjustment reflects the settlement of the amounts due to the Consco Group of HK$100,569,000 as at 1 April 2009 by companies comprising the Remaining Group.

The difference between amounts owed by the companies comprising the Remaining Group to Consco of HK$100,569,000 at 1 April 2009 and the amounts owed by the companies comprising the Remaining Group to Consco of HK$78,110,000 at 31 March 2010, which is presented in statement of financial position of Consco in Appendix I, is as follows:

	HK$'000
Balance at 1 April 2009	100,569
Dividend payable to the Remaining Group	(15,262)*
Decrease in amount due to Consco Group during the year ended 31 March 2010 (pro forma adjustment — note 12)	(7,197)
Balance at 31 March 2010	78,110**

* Balance represented Stonehill's and TDC's aggregate share of 68.75% of dividend declared by Consco of HK$22,200,000 during the year ended 31 December 2009.

** Balance represented the net amounts of due from shareholders, an intermediate holding company and the ultimate holding company and due to a fellow subsidiary as presented in Appendix I on page 43 of the Circular.

(14) The adjustment reflects the cash proceeds from the disposal of 68.75% interests in the Consco Group of HK$483,740,000, assuming the Transaction had taken place on 1 April 2009.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below is the management discussion and analysis of the Remaining Group for the year ended 31 March 2010:

Financial, business review and segment information

According to the pro forma financial information set out in Appendix II to this circular, the Remaining Group recorded revenue of approximately HK$2,050 million and profit attributable to equity holders amounting to HK$364 million. The business of the Remaining Group is principally engaged in foundation piling, property development, building construction, electrical and mechanical engineering, machinery hiring and trading, and property investment.

Foundation Piling

The Remaining Group's foundation division performed well for the year ended 31 March 2010 with a turnover of HK$920 million and net contribution of HK$95 million. It is noteworthy to mention that the majority of the Remaining Group's contracts during the year were from the private sector while the Remaining 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.

Property Development

The Remaining Group's development project in Shanghai continues to be the sole contributor to the division for the year ended 31 March 2010. With its remaining unsold area together with the upcoming Tianjin project, the Remaining Group is confident that this division will continue to contribute substantial income in the coming financial years.

The Waterfront

For the year ended 31 March 2010, the Remaining 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. 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 Remaining 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 2010. Subject to market conditions and demand, the Remaining 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 gross domestic product growth in Shenyang, high standard quality properties are in increasing demand and the Remaining Group is confident that the market will appreciate the uniqueness of this property development.

Other Construction Related Sectors

As a result of a restructuring, the building construction division became an associate of the Remaining 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 during the year. 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 ended 31 March 2010. 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.

Property Investment and Management

The Remaining Group's investment properties in Shanghai have continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the year amounted to HK$20 million. During the year ended 31 March 2010, the Group sold 13 units of Aidu, realizing a gain of approximately HK$7.6 million.

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

Prospects

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 Remaining 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 Remaining Group maintains a solid financial position so that even if shrinkage in sales persists, its cash flow status will remain healthy. With the Remaining Group's cash on hand of approximately HK$1.8 billion in cash plus a PRC land bank of over 270,000 sqm GFA, we believe this will give us an edge either way the economy swings.

To continue its smooth sail in the China property market, the Remaining 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.

Capital structure, liquidity, financial resources and gearing ratio, pledge of assets

According to the pro forma financial information, as at 31 March 2010, the Remaining Group has cash and cash equivalents of approximately HK$1,834 million. Total assets and net assets after deducting minority interest were HK$4,308 million and HK$1,530 million respectively. The working capital of the Remaining Group was HK$1,217 million.

During the year ended 31 March 2010, the Remaining 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 refinanceits 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 Remaining Group.

As at 31 March 2010, the Remaining Group's did not have any net debt gearing and recorded a net cash balance of HK$1,129 million. Contingent liabilities in relation to guarantees of performance bonds was HK$135 million as at 31 March 2010. Certain of the Remaining Group's assets with a book value of approximately HK$633 million have been pledged to secure certain banking facilities of the Remaining Group.

Capital commitment

As at 31 March 2010, there was no authorized, but not contracted for commitment. Contracted, but not provided for, commitments relating to property, plant and equipment was HK$51 million.

In addition, the Remaining Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK$227 million.

Exposure to foreign exchange risk

The Remaining 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 Remaining 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.

Contingent liabilities

As at 31 March 2010, the Remaining Group had provided guarantees in respect of performance bonds amounting to HK$135 million and the associates did not utilise the credit facilities granted by financial institutions, to which the Remaining Group had given guarantees.

Significant investment, material acquisition and disposal

The Remaining Group had no significant investment, material acquisition or disposal for the year ended 31 March 2010.

Employment and remuneration policies

The Remaining Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,200 employees as at 31 March 2010. Total staff costs for the year ended 31 March 2010 was approximately HK$180 million. The Remaining 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 Remaining Group's approved share option scheme.

Set out below is the management discussion and analysis of the Group extracted from the annual report of the Company for the year ended 31 March 2009:

Financial, business review and segment information

For the year ended 31 March 2009, the Group recorded a turnover of HK$2,748 million while profit attributable to equity holders of the Company amounted to HK$347 million.

Foundation Piling

Despite such economic background, the Group's foundation division achieved remarkable results during the year with a turnover of HK$1,347 million and net contribution of HK$173 million. Majority of the Group's contracts were from the private sector. The Group's major contracts on hand include, inter alia, K. Wah's joint venture project at Welfare Road, Hong Kong Housing Authority's project in Shatin ex-police married quarters and Chinese University's student hostel site B. With established leadership position in the industry, the Group is confident in its ability to secure a healthy order book in the coming year.

Property Development

The Group continued to enjoy the sales derived from its property development project in Shanghai. With the strategic planning of our upcoming projects' schedules, the Group expected this division to bring in substantial and stable profit in the coming financial years.

The Waterfront

The Waterfront, a residential development situated along the Suzhou river in Shanghai, comprises 9 towers of 993 units with a total GFA of about 147,000 sqm. The Group has so far launched 6 towers of The Waterfront. During the year, a total of HK$1.2 billion was recognized as revenues while contribution to profit amounted to HK$570 million. Based on the latest selling price of about Rmb30,000 per sqm, the remaining unsold area of the development is worth over HK$2 billion. With the recent central government's stimulus package, buyers have regained confidence as signified by our recent increase in sales. Depending on market condition, pre-sale of the remaining 3 towers of low rise may commence later in the year.

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. Foundation work was completed and the construction of 2 residential towers had been completed to roof level while the other 4 towers were up to about 20th floor. Subject to market conditions and demand, the Group has scheduled to launch the pre-sale in the coming financial year.

Shenyang Project

The site in Shenyang is located at Huanggu District with an area of about 41,210 sqm and a GFA of approximately 165,000 sqm. The project is currently in the planning stage and is intended to be developed into quality residential and commercial development. With strong execution capability and experience acquired, the Group is confident of its ability to replicate its successful business model in Shenyang.

Other Construction Related Sectors

During the year, the turnover and operating profit of the Group's electrical and mechanical engineering division and building construction division was HK$135 million and HK$9 million respectively. The Group expected the building construction division will continue to contribute positive return to the Group.

The machinery hiring and trading division recorded a turnover of HK$16 million with an operating profit of HK$6 million during the year. With the gradual pickup of the machinery leasing and trading market, the Group expects the division to remain stable.

Property Investment and Management

The Group's investment properties in Shanghai and Tianjin continue to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the year amounted to HK$105 million.

With timely upgrading and renovation works, Tianjin International Building, continued to command the highest rental in Tianjin. With the Beijing-Tianjin 30 minutes high-speed rail being put into service since August 2008, the distance between the two major centers has become closer which in turn benefit the overall economic development of Tianjin.

The Group's property management division plays a vital role as it provides quality services to both our service apartments' tenants and development projects' residents. It is the Group's belief and experience that a distinctive property management team will benefit both the sales and amplify the value of the property projects.

Prospects

Over the past few months, global concerted efforts were made to salvage the financial crisis but the remaining distance to reach smooth sailing is yet to be seen. However, the Group believes the outlook of the Hong Kong economy should not be worse than 2008. A vital component for Hong Kong's recovery is its long term relevance to China's economy which is in a strong position in regaining its momentum. With the local government's determination to implement massive infrastructure projects, the prospect of the construction industry is promising. Foundation piling, being the earliest stage of construction, is thus expected to be the first to benefit in the sector. With proven track records and as a leader in the industry, the Group is confident in its ability to capture the coming opportunities.

With 30 years of reform, China has accrued a certain level of national reserves and established a relatively stable system of its own in governing its financial institutions. Thus, despite the impact of the global financial tsunami, China is likely to be the first to recover or even come out as a winner from this crisis. The central government's stimulus package of expansionary monetary and fiscal policies appeared to cast positive response on the property market. So far, the central government policy has been successful in stabilizing the performance of the property market and boosted transaction volume. However, the Group remains cautious as the recent rebound is indeed a policy driven market which is prone to big fluctuations should there be drastic policy changes. Regardless of the above observations, we remain confident in the longer term prospect of China's property market.

Looking ahead, the Group will continue to place its emphasis in China with assets located in prime cities and locations. With solid asset location and prudent cashflow management, the Group is confident that it can withstand any sudden inflation or recession which may hit the market and will be able to come out of the storm in better and stronger position. In addition, the Group will continue to strengthen its project management, human resources management and cultivate its corporate culture which is all crucial elements for the Group's long term growth.

Capital Structure, liquidity, financial resources and gearing ratios

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2009, the Group's cash on hand was approximately HK$279 million while total assets and net assets (after deducting minority interests) were approximately HK$3,626 million and HK$1,211 million respectively. As at 31 March 2009, the Group's working capital amounted to HK$281 million.

The Group's net borrowings were HK$361 million as compared to HK$277 million in the previous period. Net debt to equity (includes minority interests) gearing ratio was 19 per cent. As at 31 March 2009, contingent liabilities amounted to HK$154 million in relation to guarantees of performance bonds while guarantees for end user mortgage loans had all been released. Certain of the Group's assets with a book value of approximately HK$696 million have been pledged to secure certain banking facilities of the Group.

Capital Commitment

As at 31 March 2009, the Group had authorized but not contracted for, and contracted but not provided for, commitments relating to property, plant and equipment amounting to HK$9 million and HK$23 million respectively.

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK$257 million as at 31 March 2009.

Exposure to foreign exchange risk

The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its China subsidiaries. Currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue generated by its China properties.

Contingent liabilities

As at 31 March 2009, the Group had provided guarantees in respect of performance bonds amounted to HK$154 million.

Significant investment, material acquisition and disposal

The Group has no significant investment, material acquisition or disposal for the year ended 31 March 2009.

Employment and remuneration policies

The Group, including its subsidiaries and joint ventures in Hong Kong and China, employed approximately 1,300 employees as at 31 March 2009. The staff costs for the year ended 31 March 2009 was approximately HK$203 million. 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.

Set out below is the management discussion and analysis of the Group extracted from the annual report of the Company for the year ended 31 March 2008:

Financial, business review and segment information

For the year ended 31 March 2008, the Group recorded a turnover of HK$1,895 million while profit attributable to equity holders of the Company amounted to HK$107 million.

Foundation Piling

During the year, turnover of the foundation division increased by 9% to HK$1,079 million while net contribution increased by 53% to HK$93 million. Majority of the Group's contracts during the year were from the private sector. The Group's major contracts on hand include, inter alia, China Light and Power's Castle Peak Road Power Station, Nan Fung's joint venture project in Pak Shek Kok and Kerry's project in Wong Tai Sin. With inflationary pressures on materials and fuel costs, the Group has reviewed and tightened its cost control measures on all projects.

Property Development

This financial year marks the commencement of our harvesting seasons for the property development projects. During the year, the Group's turnover and operation profit from property development business was $498 million and $130 million respectively which reflect the recognition of partial property sales revenue derived from 2 towers of The Waterfront project. With the strategic planning of our upcoming projects' schedules, the Group expects this division to bring in substantial and stable profit in the coming financial years.

The Waterfront

The Waterfront, a residential development situated along Suzhou River in Shanghai, comprises 9 towers of 993 units with a total GFA of about 147,000 sqm. The Group has so far launched 6 towers of The Waterfront, of which 2 have been handed over while the other 4 towers will be handed over in the second half of this year. Thus, it is expected that more revenues will be booked and recognized in the coming financial years. With the recent government's tightening policies, our pre-sale has experienced a slight slowdown but homebuyers' confidence has remained strong. This is signified by the continued upward trend of the selling price with the latest asking price being over RMB30,000 per sqm.

The Riverside

The Riverside, a downtown residential development along Haihe in Tianjin, comprises 6 high-rise with a total GFA of approximately 75,000 sqm. In addition to its prime location alongside Haihe in Hexi District, The Riverside offers a wide range of club facilities and services. With Tianjin's continued growth momentum, the Group has scheduled to launch the pre-sale in 2009.

Shenyang Project

In December 2007, the Group acquired a site located at Huanggu District in Shenyang through a public auction. The site covers an area of about 41,210 sqm with a GFA of approximately 165,000 sqm. The project is currently in the planning stage and is intended to be developed into a quality residential and commercial development. The Group is of the view that the acquisition of the site will increase the land bank and advance the Group's position in the China property market.

Other Construction Related Sectors

Turnover of the Group's electrical and mechanical engineering division and building construction division was HK$191 million while operating profit was HK$10 million for the year ended 31 March 2008. With the rebound of the construction industry, the Group expects the divisions to perform satisfactorily with positive contribution to the Group.

The machinery hiring and trading division recorded a turnover of HK$26 million and a loss of HK$1.5 million during the year. The loss was solely due to a HK$6.5 million write-off of a damaged tower crane. It is expected that most of such cost will be covered by an insurance claim and which is expected to be written back in the next financial year.

Property Investment and Management

With our experienced property management team whose main focus is to provide quality living to our tenants, the Group's serviced apartments in Shanghai, China Garden and Aidu Apartments, have continued to enjoy satisfactory returns and occupancy rates.

Tianjin International Building, located in the heart of the city, continues to command the highest rental in Tianjin and enjoys a satisfactory occupancy rate. The renovation of TIB's serviced apartments has just been completed and the market response to the new quality upgrades and innovative designs is remarkable.

With accelerating foreign interest in China and expectation of further Renminbi appreciation, there is a growing demand for investment grade properties. The Group's investment properties in Shanghai and Tianjin, which have continued to enjoy steady recurrent income and high occupancy rates, fit well to the profile.

Prospects

Despite the sub-prime crisis in the US which has clouded the global economy, the outlook of Hong Kong's construction industry remains positive. With the government's pledge to implement 10 major infrastructure projects in the coming years, it is expected that the construction industry will continue its recent buoyancy. In relation to Macau, the freeze on gaming licenses and delays in government approval process for major developments have caused some postponement to certain projects but the overall sentiment and positive drivers in Macau remain strong. Thus, with the Group's leading position and brand recognition in the foundation industry, we are confident in capturing the coming opportunities in both Hong Kong and Macau.

This has been a challenging year for the China market as there are many conflicting factors influencing the market: soaring oil prices, global inflation, Renminbi appreciation, tightened money supply, election year in many countries, sub-prime crisis, and slowdown of global economy. Against such backdrop, China has chosen to walk on a policy tightrope and is delicately balancing its policies in order to achieve the prime target of social stability. On one hand, it tightens monetary control to combat inflation but on the other, it loosens some fiscal policies to avoid stagflation. Though China is buffeted by internal economic issues and turbulent external markets, its semi-open economy has not been derailed since the impact of the central government policies and the market forces underlying its growth remain strong. All in all we are confident that the property market in China will continue its growth at a healthy and sustainable pace.

Looking forward, the Group believes it is important to maintain a stable dividend policy in order to better reflect the value of its shares. Furthermore, the Group will continue to actively identify new investment opportunities in a prudent manner, strengthen cost control measures, capitalize on synergies among various business units in order to achieve steady growth and maximize returns.

Capital Structure, liquidity, financial resources and gearing ratios

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2008, the Group's cash on hand was approximately HK$247 million while total assets and net assets (after deducting minority interests) were approximately HK$3,698 million and HK$859 million. As at 31 March 2008, the Group's working capital amounted to HK$68 million.

The Group's net borrowings were HK$277 million as compared to HK$23 million in the previous period. Net debt to equity (includes minority interests) gearing ratio was 19% as compared to 2% last year. As at 31 March 2008, contingent liabilities decreased from HK$142 million to HK$136 million in relation to guarantees of performance bonds while guarantees for end user mortgage loans amounted to HK$281 million. Certain of the Group's assets with a book value of approximately HK$475 million have been pledged to secure certain banking facilities of the Group.

Capital Commitment

As at 31 March 2008, the Group had authorized but not contracted for, and contracted but not provided for, commitments relating to land use rights, leasehold improvement and machinery amounting to HK$9 million and HK$199 million respectively.

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK$578 million as at 31 March 2008.

Exposure to foreign exchange risk

The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities have also been arranged for its PRC subsidiaries. Currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue generated by its PRC properties.

Contingent liabilities

As at 31 March 2008, the Group had provided guarantees in respect of performance bonds amounted to HK$136 million.

In addition, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for purchases of certain properties developed by a subsidiary of the Group and the outstanding mortgage loans under these guarantees amounted to HK$281 million.

Significant investment, material acquisition and disposal

In December 2007, the Group acquired a parcel of land located in Shenyang which covers an area of about 41,340 sqm with GFA of approximately 165,000 sq m.. Save as disclosed, the Group has no significant investment, material acquisition or disposal for the year ended 31 March 2008.

Employment and remuneration policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,270 employees as at 31 March 2008. The staff costs for the year ended 31 March 2008 was approximately HK$176 million. 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.

VALUATION REPORT

The following is the texts of letter and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation as at 31 March 2010 for the property interests held by the Group in the People's Republic of China.

Vigers Appraisal And Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

VIGERS
威格斯

4 May 2010

The Directors
Tysan Holdings Limited
11/F, Harbour Centre,
25 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

Re : ***Valuation of Tianjin International Building, No.75 Nanjing Road, Heping District, Tianjin, the People's Republic of China.***

In accordance with your instructions for us to value the captioned property in the People's Republic of China (the "PRC") for annual accounting purposes, we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of such property as at 31 March 2010 ("the Date of Valuation").

Our valuation is our opinion of the market value of a property interest which we would define market value as intended to mean "the estimated amount for which a Property should exchange on the Date of Valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The property has been assessed on the basis of capitalization of the net income derived from the documents handed to us and made allowance for reversionary income potential of the subject property and by reference to sales evidence as available on the market where appropriate.

We have not caused title searches to be made for the captioned property at the relevant government bureau in the PRC. We have been provided with extracts from title documents relating to the property. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments which do not appear on the copies handed to us. All documents and leases have been used for reference only. All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by you and therefore are only approximations.

In the course of our valuation, we have assumed that all consents, approvals and licences from relevant PRC government authorities for development of the property will be granted without any onerous conditions or undue delay.

We have relied to a considerable extent on information provided by you and have accepted advice given to us by you on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas. We have also been advised by you that no material factors had been concealed or omitted in the information provided to us and we have independently verified the information provided by you.

Our valuation has been made on the assumption that the owner sells the property in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

In valuing the property, we have assumed free and uninterrupted rights to use, occupy or assign the property for the whole of the unexpired term as granted.

We have inspected the exterior of the property. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any structural defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors ("HKIS") and the RICS Appraisal and Valuation Standards (6th Edition 2007) published by the Royal Institution of Chartered Surveyors (the "RICS").

This valuation certificate is prepared for the sole use of the client and for that particular purpose only. This valuation certificate is regarded as confidential information which shall be disclosed to and used by the client and his professional advisers only. We accept no responsibility if this valuation certificate is used or relied upon by any person other than the client.

Neither the whole nor any part of this valuation certificate or any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated are in the United States Dollars (USD).

We enclosed herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal And Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty three years' experiences in undertaking valuations of properties in Hong Kong and has over sixteen years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 31 March 2010
Tianjin International Building, No. 75 Nanjing Road, Heping District, Tianjin, The PRC	Tianjin International Building (referred hereinafter as the "Development") comprises a 38-storey commercial/office/apartment building erected over a 3-storey basement attached with a 3-storey plus 1 level of basement commercial podium and a 3-storey plus 1 level of basement car park/transformer room building. The Development is erected on a site with an area of 5,847 sq. m. amid the junction of Nanjing Road and Xinhua Road in Heping District. The Development is of reinforced concrete construction completed in 1991 with a total gross floor area of approximately 52,725.79 sq. m. whilst the total lettable floor area of the Development is approximately 40,699 sq. m.. The property comprises the whole of the Development. Detail breakdown of the lettable floor areas are as follows: **Use/Floor** — **Lettable Floor Area** *(sq. m.)* Apartment: (L27-L36) — 12,100.00 sq. m. Office: (L3-L25& L37) — 23,147.00 sq. m. Shop: (B1, L1-L3) — 2,914.00 sq. m. F&B: (B1, L1& L3) — 1,057.00 sq. m. Ancillary : — 1,481.00 sq. m. Total — 40,699.00 sq. m. The property is held under land use rights for a term of 50 years commencing from 17 May 1994 to 16 May 2044 for commercial/trading, office and apartment uses.	The property is currently owned and operated by 天津國際大廈有限公司 (referred hereinafter as the "Tianjin Company") as retail shops, offices and serviced apartments. The total annual income received by Tianjin Company is in the sum of USD11,099,405 inclusive of management fees.	USD114,000,000

Notes:

1. Pursuant to a State-owned Land Use Right Certificate (Document No. 津國用(94)字第071號) dated October 1994 issued by the Land Management Bureau of Tianjin City, the whole of the Development with a total site area of approximately 5,847 sq.m. is vested in 天津國際大廈有限公司 (referred hereinafter as "Tianjin Company") for at term of 50 years commencing from 17 May 1994 to 16 May 2044 for commercial/trading, office and apartment uses.

2. Pursuant to a Building Ownership Certificate (Document No. 津市房字第0359號) dated 22 June 1994 issued by Tianjin Real Estate Administration Bureau, the whole of the Development with a total gross floor area of approximately 52,725.79 sq.m. is vested in Tianjin Company for office and apartment uses.

3. In the course of our valuation, we have made the following assumptions:-

   (i) the property whether as a whole or on a strata-title basis, is freely transferable to any third party in the open market without payment of any land premiums or any incidental costs.

   (ii) Tianjin Company is entitled to transfer the property with the residue terms of the land use rights at no extra land premium or other onerous payment payable to any government authorities.

   (iii) All land premiums and other costs of ancillary utility services have been settled in full.

   (iv) The design and construction of the Development is in compliance with the land planning regulations and have been approved by the relevant authorities.

VALUATION REPORT

The following is the texts of letter and valuation certificates, prepared for the purpose of incorporation in this circular, received from Vigers Appraisal And Consulting Limited, an independent property valuer, in connection with their valuation as at 26 July 2010 for the property interests held by the Group in the People's Republic of China.

Vigers Appraisal And Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

VIGERS
威格斯

28 July 2010

The Directors
Tysan Holdings Limited
11/F, Harbour Centre,
25 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

Re : ***Valuation of Tianjin International Building, No.75 Nanjing Road, Heping District, Tianjin, the People's Republic of China.***

In accordance with Tysan Holdings Limited (the "Company") instructions for us to value the captioned property interests held by its subsidiary (together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property as at 26 July 2010 (the "Date of Valuation") for the purpose of incorporation in the circular of the Company dated 28 July 2010 to its shareholders.

Our valuation is our opinion of the market value of a property interest which we would define market value as intended to mean "the estimated amount for which a property should exchange on the Date of Valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

We have assessed the value of the property on the basis of capitalization of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the property and made reference to comparable market transactions.

Our valuation has been made on the assumption that the owners sell the property interests in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the values of the property interests. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

In the course of our valuation, we have assumed that all consents, approvals and licences from relevant PRC government authorities for development of the property interests in the PRC will be granted without any onerous conditions or undue delay. Moreover, we have also assumed free and uninterrupted rights to use, occupy or assign the property interests for the whole of the unexpired term as granted.

We have not caused title searches to be made for the captioned property at the relevant government bureau in the PRC. We have been provided with extracts from title documents relating to the property. We have not, however, searched the original documents to verify ownership or to verify the existence of any lease amendments which do not appear on the copies handed to us. We have relied on the legal opinion (the "PRC legal opinion") provided by the Company's PRC legal adviser, 天津尚志思源律師事務所 (Tianjin Shang Zhi Si Yuan Law Firm).

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property interests and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the attached valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Notes 12 & 16 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all monetary amounts stated are in US Dollars (US$). The exchange rate used in valuing the property interests in the PRC as at 26 July 2010 was US$1.00 = HK$7.77. There has been no significant fluctuation in the exchange rates for US$ against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclosed herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal And Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor
MRICS MHKIS MSc(e-com)
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty three years' experiences in undertaking valuations of properties in Hong Kong and has over sixteen years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property interest owned by the Company's subsidiary in the PRC for investment purpose

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 26 July 2010
Tianjin International Building, No. 75 Nanjing Road, Heping District, Tianjin, The PRC	Tianjin International Building (referred hereinafter as the "Development") comprises a 38-storey commercial/office/apartment building erected over a 3-storey basement attached with a 3-storey plus 1 level of basement commercial podium and a 3-storey plus 1 level of basement car park/transformer room building. The Development is erected on a site with an area of 5,847 sq. m. amid the junction of Nanjing Road and Xinhua Road in Heping District. The Development is of reinforced concrete construction completed in 1991 with a total gross floor area of approximately 52,725.79 sq. m whilst the total lettable floor area of the Development is approximately 40,699 sq. m.. The property comprises the whole of the Development. Detail breakdown of the lettable floor areas are as follows: **Use/Floor** — **Lettable Floor Area** *(sq. m.)* Apartment: (L27-L36) — 12,100.00 sq. m. Office: (L3-L25&L37) — 23,147.00 sq. m. Shop: (B1,L1-L3) — 2,914.00 sq. m. F&B: (B1, L1&L3) — 1,057.00 sq. m. Ancillary : — 1,481.00 sq. m. Total — 40,699.00 sq. m. The property is held under land use rights for a term of 50 years commencing from 17 May 1994 to 16 May 2044 for commercial/trading, office and apartment uses.	The property is currently owned and operated by 天津國際大厦有限公司 (Tianjin International Building Co. Ltd.) (referred hereinafter as "TIBC") as retail shops, offices and serviced apartments. The property is subject to various tenancies with the latest term being expired on 31 May 2015. The total annual income received by TIBC is in the sum of US$10,734,364 (equivalent to HK$83,410,000) inclusive of management fees. The property is about 79% occupied.	US$114,000,000 (equivalent to HK$885,780,000)

Notes:

1. Pursuant to a State-owned Land Use Right Certificate (Document No. 津國用(94)字第071號) dated October 1994 issued by the Land Management Bureau of Tianjin City, the whole of the Development with a total site area of approximately 5,847 sq.m. is vested in 天津國際大廈有限公司 (Tianjin International Building Co. Ltd.) (referred hereinafter as "TIBC") for a term of 50 years commencing from 17 May 1994 to 16 May 2044 for commercial / trading, office and apartment uses.

2. Pursuant to a Building Ownership Certificate (Document No. 津市房字第0359號) dated 22 June 1994 issued by Tianjin Real Estate Administration Bureau, the whole of the Development with a total gross floor area of approximately 52,725.79 sq.m. is vested in TIBC for office and apartment uses.

3. In the course of our valuation, we have made the following assumptions:-

   (i) the property whether as a whole or on a strata-title basis, is freely transferable to any third party in the open market without payment of any land premiums or any incidental costs.

   (ii) TIBC is entitled to transfer the property with the residue terms of the land use rights at no extra land premium or other onerous payment payable to any government authorities.

   (iii) All land premiums and other costs of ancillary utility services have been settled in full.

   (iv) The design and construction of the Development is in compliance with the land planning regulations and have been approved by the relevant authorities.

4. The PRC legal opinion states, inter alia, the following:

   (i) The ownership of the property is legally vested in 天津國際大廈有限公司 (Tianjin International Building Co. Ltd.).

   (ii) 天津國際大廈有限公司 (Tianjin International Building Co. Ltd.) is legally entitled to use, occupy, transfer, lease, mortgage and dispose of the property.

   (iii) The property is not subject to mortgage.

RECONCILIATION STATEMENT

The following shows a reconciliation of the value of the Property as disclosed in Appendix IV to this circular to the net book value as reflected in the 2009/10 annual report of the Company as at 31 March 2010.

	HK$'000
Carrying amount of the Property as at 31 March 2010	889,200
Fair value changes	(3,466)
Exchange realignment	46
Valuation as at 26 July 2010 (at US$114,000,000)	885,780

1. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Interests and short positions of the Directors and chief executives in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company, including their respective associates in the equity or equity securities of the Company or its associated corporations (within the meanings of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies had been notified to the Company and the Stock Exchange were as follows:

(i) *Interests in Shares:*

	Number of Shares and nature of interest			
Name	**Personal interests**	**Corporate interests**	**Other interests**	**Total interests**
Mr. Francis Cheung	33,407,865	256,325,000(1)	54,247,200(2)	343,980,065
Mr. Fung Chiu Chak, Victor	68,867,600	—	—	68,867,600
Mr. David Chien	100,271,020	—	—	100,271,020
Miss Jennifer Kwok	16,500,000	—	—	16,500,000
Mr. Chiu Chin Hung	6,000,000	—	—	6,000,000
Mr. Wong Kay	10,765,000	—	—	10,765,000
Mr. Tse Man Bun	442,000	—	—	442,000

(ii) *Interests in share options granted by the Company:*

Name	Capacity	Date of grant	Exercise price *(HK$)*	Exercise period	Number of share options outstanding	Percentage to issued share capital of the Company *(%)*
Mr. Francis Cheung	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	2,000,000	0.24
Mr. Fung Chiu Chak, Victor	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	6,000,000	0.71
Mr. David Chien	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	750,000	0.09
Miss Jennifer Kwok	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	3,500,000	0.41
Mr. Chiu Chin Hung	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	1,500,000	0.18
Mr. Wong Kay	Beneficial owner	24 August 2007	0.82	24 August 2007 to 23 August 2011	5,000,000	0.59

(iii) *Interests in ordinary shares of associated corporations of the Company:*

Name	Name of associated corporations	Number of ordinary shares and nature of interest Personal interests	Corporate interests	Total interests
Mr. Fung Chiu Chak, Victor	Tysan Building Construction Company Limited	—	5,202,000[(3)]	5,202,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	20	—	20
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200

Notes:

(1) 171,237,000 Shares were held by Power Link Investments Limited and 85,088,000 Shares were held by Long Billion International Limited. Both of these companies were controlled by Mr. Francis Cheung.

(2) Such Shares were held by a discretionary trust, the founder of which is Mr. Francis Cheung.

(3) These Shares were held by Victor Create Limited which was owned as to 60% by Mr. Fung Chiu Chak, Victor and as to 40% by Mr. Jackel Cheung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) **Disclosure of interests of substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Interest in Shares

Name	**Number of shares held**	**Percentage to issued share capital of the Company**
Power Link Investments Limited (1)	171,237,000	20.17
Eastern Glory Development Limited (2)	256,325,000	30.19
Goldcrest Enterprises Limited (2)	256,325,000	30.19
Bofield Holdings Limited (2)	256,325,000	30.19
Long Billion International Limited (1)	85,088,000	10.02

Notes:

(1) The above interests of Power Link Investments Limited and Long Billion International Limited have also been disclosed as corporate interests of Mr. Francis Cheung in the section headed "Interests and short positions of the Directors and chief executives in the Company and its associated corporations" above.

(2) These parties were deemed to have interests in the 256,325,000 shares by virtue of their equity interests in Power Link Investments Limited and Long Billion International Limited.

Save as disclosed herein, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of any compensation (other than statutory compensation).

4. INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group, and none of the Directors is interested in any assets which have been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published accounts of the Company.

Save as disclosed herein (including disclosure of interests in ordinary shares of associated corporations of the Company), as at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

5. LITIGATION

On 22 June 2007, a subsidiary of the Group (the "Subsidiary") entered into an incentive agreement in Chinese with a third party (the "Incentive Agreement" and the "Third Party" respectively) whereby the Subsidiary agreed to pay to the Third Party the sum of RMB5.18 million (the "Incentive Payment") subject to the terms and conditions of the Incentive Agreement.

On 16 June 2008, the Subsidiary commenced legal proceedings against the Third Party in the Shanghai First Intermediate People's Court in Shanghai, PRC (the "Shanghai Court") seeking to set aside the Incentive Agreement on the basis, inter alia, that the Incentive Agreement was concluded as a result of significant misconception and is obviously unfair.

By a Writ and Statement of Claim issued in the High Court of Hong Kong on 10 September 2008 by the Third Party against the Subsidiary (the "Hong Kong Action"), the Third Party claimed against the Subsidiary the Incentive Payment pursuant to the Incentive Agreement.

On 28 October 2008, an Inter Partes Summons was taken out by the Subsidiary in the High Court of Hong Kong in an application that all further proceedings in the Hong Kong Action be stayed in favour of the Shanghai Court on the ground that the Shanghai Court is a more appropriate forum than the court in Hong Kong for the adjudication of the dispute in the Hong Kong Action.

On 4 December 2009, an Order was granted by the High Court of Hong Kong together with costs in favour of the Subsidiary that all further proceedings in the Hong Kong Action be stayed in favour of the Shanghai Court on the ground that it is a more appropriate forum. The time for the Third Party to appeal against the said Order of the High Court of Hong Kong has since expired.

Meanwhile, the legal proceedings in the Shanghai Court by the Subsidiary against the Third Party, and including his counterclaim against the Subsidiary for payment of the Incentive Payment are still proceeding. In view of the immaterial amount of the Incentive Payment involved, the Company is of the view that there should not be any material adverse impact on the financial position of the Group as a whole irrespective of the outcome of the adjudication of the Shanghai Court.

Save as aforesaid, at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. INDEBTEDNESS

STATEMENT OF INDEBTEDNESS

As at 31 May 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the bank and other borrowings amounting to approximately HK$645,042,000 and HK$24,560,000, respectively, details of which are as follows:

Borrowings

The following table illustrates the Group's indebtedness as at 31 May 2010:

	HK$'000
Bank borrowings	
Current	
Bank loans, unsecured	79,820
Bank loans, secured	37,625
Instalment loans, secured	15,187
	132,632
Non-current	
Bank loans, unsecured	346,140
Bank loans, secured	99,146
Instalment loans, secured	67,124
	512,410
Total	645,042
Other borrowings	
Non-current	
Loan from an associate	24,560

As at 31 May 2010, the Group's bank borrowings were secured by certain of the Group's building, equipment and machinery, investment properties and restricted cash and supported by corporate guarantees from the Company and a subsidiary of the Company, respectively.

The loan from an associate is unsecured, interest-free and will not be repayable within 12 months from 31 May 2010.

Contingent liabilities

As at 31 May 2010, the Group provided guarantees to certain banks in respect of performance bonds of HK$173,564,000 and had outstanding irrecoverable letter of credit of HK$9,334,000.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 May 2010.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 May 2010.

7. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources, cash flow from operations, banking facilities available to the Group, and cash proceeds from the Disposal, the Group will have sufficient working capital to satisfy its present requirements that is, for a least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, the date to which the latest published audited accounts of the Group were made up.

9. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular:-

(1) The Disposal Agreement;

(2) Tenancy Agreement in Chinese dated 9 July 2010 between 中光發展置業(上海)有限公司 (Jetgood Development Real Estate (Shanghai) Co. Limited) as the landlord (the "Landlord") and 泰昇房地產(上海)有限公司 (Tysan Land (Shanghai) Limited) as the tenant (the "Tenant") regarding the tenancy of the premises (the "Premises") being 上海市閘北區恒豐路568號1701-1708室 (Rooms 1701-1708, 568 Heng Feng Road, Zha Bei District, Shanghai, PRC) pursuant to which the Landlord rents to the Tenant the Premises for the period from 9 July 2010 to 8 October 2013 at the monthly rent of RMB160,706; and

(3) The Master Agreement dated 21 October 2009 entered into among Tysan Foundation Limited, Tysan Construction (Macau) Limited, Tysan Building Construction Company Limited and Tysan Engineering Company Limited pursuant to which the principles regulating the business relationship between these parties are set out.

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of experts who have given advice, letters or opinion in this circular or contained in this circular:

Name	Qualifications
Centurion Corporate Finance Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) of the regulated activities as defined in the SFO
Ernst & Young	Certified Public Accountants
Vigers Appraisal and Consulting Limited	Professional property valuer

(Collectively, the "Experts")

As at the Latest Practicable Date, none of the Experts has any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect interests in any assets which have been, since 31 March 2010, (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

11. PROCEDURE TO DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws of the Company, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three Shareholders present in person or by proxy and for the time being entitled to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Potential Acquisition or the Disposal. As such, the Disposal Agreement and the transactions contemplated thereunder including the Potential Acquisition and the Disposal are subject to the approval of the Shareholders at the SGM. To the best of the Directors' knowledge information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Disposal Agreement which is materially different from the other Shareholders. Accordingly, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

Pursuant to the amended Rule 13.39 of the Listing Rules which has become effective from 1 January 2009, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the SGM will demand a poll for every resolution put forward at the SGM pursuant to Bye-law 66 of the Company's Bye-laws.

The Company will appoint scrutineers to handle the vote-taking procedures at the SGM. The results of the poll will be published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.tysan.com on the business day next following the SGM.

12. GENERAL

(a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

(c) The qualified accountant of the Company is Miss Mo Wai Ling. She is a member of The Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants.

(d) The Company Secretary of the Company is Miss Wong Suk Han, Kitty. She is a Solicitor qualified to practice in Hong Kong and a member of The Law Society of Hong Kong.

(e) The branch share register of the Company in Hong Kong is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during the normal business hours from 9:00 a.m. to 5:30 p.m. (save for Saturday and public holidays) at the head office and principal place of business of the Company in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 16 August 2010 (except public holidays):

(a) the memorandum and articles of associates of the Company;

(b) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 24 to 40 of this circular;

(c) the letter from the Independent Board Committee, the text of which is set out on pages 22 and 23 of this circular;

(d) the pro forma review report letter signed by Ernst & Young dated 28 July 2010, the text of which is set out on pages 50 to 52 of this circular;

(e) the valuation reports signed by Vigers, the text of which is set out on pages 81 to 90 of this circular;

(f) the written consents from each of the Independent Financial Adviser, Ernst & Young and Vigers respectively referred to in paragraph 10 of this appendix;

(g) the Disposal Agreement;

(h) this circular;

(i) the annual reports of the Company for the years ended 31 March 2009 and 31 March 2010;

(j) Ernst & Young's review report dated 28 July 2010 on the financial information of Consco; and

(k) the material contracts referred to in paragraph 9 in this appendix.

TYSAN HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 687)

NOTICE IS HEREBY GIVEN THAT a special general meeting of Tysan Holdings Limited (the "Company") will be held at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong on Monday, 16 August 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**

1. the Disposal (as defined in the Company's circular dated 28 July 2010 dispatched to the shareholders of the Company, a copy of which has been produced to this special general meeting and marked "A" and initialled by the Chairman of this special general meeting for the purpose of identification, and which said circular is hereinafter referred to as the "Circular") and all transactions contemplated under the Disposal Agreement (as defined in the Circular) be and are hereby approved, ratified and confirmed;

2. the Potential Acquisition and all transactions contemplated thereunder, including, without limitation, the submission of the Notice of Intention, payment of the Guarantee Payment, submission of the Auction Bid, execution of the Letter of Confirmation and the Acquisition Agreement (all of which said capitalized terms shall have the same meanings as those defined in the Circular) be and are hereby approved, ratified and confirmed, and that in respect of the Potential Acquisition, a mandate is hereby given to the directors of the Company (the "Acquisition Mandate") authorizing them to proceed with the completion of the Potential Acquisition at the Acquisition Price of an amount up to HK$180 million; and

3. any one of the directors of the Company be and is hereby authorized to execute for and on behalf of the Company all such documents by his/her hand and/or under the seal of the Company and to apply or caused to be applied the seal of the Company thereunto and to do or cause to be done all such acts and things which, in his/her opinion, may be necessary, desirable or expedient to carry into effect the Disposal and the Potential Acquisition and all transactions contemplated thereunder and all other matters in relation thereto or in

connection therewith, and that all acts of the directors of the Company or any of them in respect of or arising from the above be and are hereby approved, ratified and confirmed."

By order of the Board
TYSAN HOLDINGS LIMITED
Francis Cheung
Chairman

Hong Kong, 28 July 2010

Head office and principal place of business in Hong Kong:
11th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Notes:

1. Any member (other than a Clearing House (as hereinafter defined)) entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.

2. A recongnised clearing house within the meaning of Part 1 of Schedule 1 to the SFO (the "Clearing House"), being a member of the Company, may authorise such person or persons as it thinks fit to act as its representative or representatives at the meeting provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so aurhorised.

3. To be valid, the form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the Company's principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.

5. Each of the ordinary resolutions as set out above will be determined by way of a poll.