TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code : 687)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

For the six months ended 30 September 2010, the Group recorded turnover of HK$1,382 million (30 September 2009: HK$1,069 million) and achieved profit attributable to ordinary equity holders of the Company of HK$132 million (30 September 2009: HK$192 million), representing HK$0.16 per share (30 September 2009: HK$0.23 per share).

Hong Kong Market

Foundation Piling

The Group's foundation division continued to benefit from the buoyant momentum of the industry and achieved satisfactory performance. For the period under review, turnover of the Group's foundation division increased by 89% to HK$828 million while contribution to profit rose by 30% to HK$61 million as compared to HK$47 million in the last corresponding period. With the commencement of the major infrastructure projects, the Group expects the foundation division to perform well in the coming years. The Group's major contracts on hand include, inter alia, Cruise Terminal, Express Rail Link at West Kowloon Terminus and Henderson's project in Tai Tong, Yuen Long.

Other Construction Related Sectors

During the period under review, turnover and contribution of the Group's electrical and mechanical engineering division was HK$20 million and HK$2 million respectively. In view of the coming volume of construction projects, the machinery leasing and trading division has purchased several new cranes in order to meet the anticipated increase in turnover. Though competition in the market remains strong, the Group expects the divisions to achieve profitable returns.

PRC Market

Property development and investment

For the period under review, the Group's residential project in Shanghai, The Waterfront, recognised HK$477 million as revenues while contribution to profit amounted to HK$311 million as compared to revenues of HK$545 million and profit of HK$302 million in the last corresponding period. The improved profit margin is mainly due to the increase in selling price as the market recognises the quality and uniqueness of the project. The Group is confident in the coming sales of the remaining units of the development.

The Group will launch the pre-sale of The Riverside, a residential development along the Haihe river in Tianjin, which comprises 6 blocks of 30-storey towers with a total GFA of approximately 75,000 sqm, in this financial year.

The Group's site in Shenyang, located at Huanggu District with a total GFA of approximately 165,000 sqm, is in the final stage of planning. This project is a residential and commercial development and the Group expects foundation work to commence next year.

The Group has established experienced management and project teams in China over the years and is of the view that it is time to put more of its resources into property development projects. With this background, the Group has decided to divest its mature property investment, Tianjin International Building. As stated in the announcement dated 22 June 2010, the Group has entered into a conditional disposal agreement on 12 June 2010 to sell all its interests in Tianjin International Building. The subject sale was completed on 29 October 2010 and the Group received a net cash flow of over HK$400 million. The related profit will be reflected in the second half of the financial year.

The 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 period under review amounted to HK$54 million while contribution to profit, after excluding changes in fair value of investment properties, amounted to HK$19 million.

Prospects

The construction industry in Hong Kong is now experiencing a bullish cycle as the government's massive infrastructure projects have commenced. In addition to the huge infrastructure spending, the private sector is also very active in the property market. The Group, being a leader in the foundation industry, is thus confident in the coming performance and prospect of its foundation division.

The recent austerity measures of China's government which include, inter alia, purchase restrictions, raising downpayment requirements and adjusting taxes, have indeed slowdown the property market. However, the Group is supportive of these tightening policies as they are healthy for the long term development of the real estate market. With suitable cooling measures, rising income and economic acceleration, China's property market will not encounter a bubble but instead continue to prosper from the expanding economy. With China's economic growth and political stability, it will remain as one of the best equipped country to tackle global economic crisis. The Group is confident in the prospect of China's property market and will continue to identify and invest in suitable property projects.

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital structure with healthy cashflow. As at 30 September 2010, the Group's cash on hand was approximately HK$1,145 million (31 March 2010: HK$1,463 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$4,779 million (31 March 2010: HK$4,836 million) and HK$1,590 million (31 March 2010: HK$1,474 million) respectively. As at 30 September 2010, the Group's working capital amounted to HK$1,335 million (31 March 2010: HK$816 million).

As at 30 September 2010, the Group did not have any net debt gearing. Acquisition of additional interest in a subsidiary and increase in capital expenditure led to a decrease in net cash balance from HK$759 million as at 31 March 2010 to HK$401 million as at 30 September 2010. Contingent liabilities in relation to guarantees of performance bonds increased from HK$135 million as at 31 March 2010 to HK$163 million as at 30 September 2010. Certain of the Group's assets with a book value of approximately HK$513 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars and Euro loan facilities have also been arranged. Currency exposure in Euro borrowings has been monitored by entering Euro forward contracts when the need arises.

Employment and Remuneration Policies

The Group, including its subsidiaries in Hong Kong and the PRC, employed approximately 1,510 employees as at 30 September 2010. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board has resolved to declare an interim dividend of HK2.0 cents (2009: HK1.5 cents) per ordinary share for the six months ended 30 September 2010. The interim dividend will be payable on 28 December 2010 to shareholders whose names appear on the Company's register of members on 15 December 2010.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 13 December 2010 to Wednesday, 15 December 2010, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2010, all transfers for shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 10 December 2010.

Consolidated Income Statement

	Notes	Six months ended 30 September 2010 HK$'000 Unaudited	2009 HK$'000 Unaudited
REVENUE	2	**1,382,004**	1,068,574
Cost of sales		**(983,647)**	(694,162)
Gross profit		**398,357**	374,412
Other income and gains	3	**6,184**	13,026
Selling expenses		**(6,179)**	(6,149)
Administrative expenses		**(20,474)**	(18,549)
Changes in fair value of investment properties		**(25,953)**	57,544
Other expenses, net		**(14,126)**	(1,480)
Finance costs		**(6,445)**	(6,594)
Share of results of associates		**687**	(220)
PROFIT BEFORE TAX	4	**332,051**	411,990
Income tax expense	5	**(187,065)**	(157,387)
PROFIT FOR THE PERIOD		**144,986**	254,603
Attributable to:			
Ordinary equity holders of the Company		**131,872**	192,183
Non-controlling interests		**13,114**	62,420
		144,986	254,603
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**15.56 cents**	22.92 cents
Diluted		**15.42 cents**	22.85 cents

Details of the dividends are disclosed in note 6.

Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	Unaudited	*Unaudited*
PROFIT FOR THE PERIOD	**144,986**	254,603
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of financial statements of overseas subsidiaries	**49,780**	2,459
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**194,766**	257,062
Attributable to:		
Ordinary equity holders of the Company	**157,340**	191,598
Non-controlling interests	**37,426**	65,464
	194,766	257,062

Consolidated Statement of Financial Position

	Notes	As at 30 September 2010 HK$'000 Unaudited	As at 31 March 2010 HK$'000 (As restated)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**313,366**	284,777
Investment properties		**366,776**	1,258,540
Properties under development		**419,416**	346,769
Deposit paid		**360,790**	353,514
Interests in associates	9	**29,607**	19,632
Other assets		**1,120**	1,020
Deferred tax assets		**89,090**	63,071
Restricted cash		**—**	22,836
Total non-current assets		**1,580,165**	2,350,159
CURRENT ASSETS			
Property under development		**14,831**	265,888
Equity investments at fair value through profit or loss		**3,825**	4,002
Inventories		**12,135**	25,910
Properties held for sale		**456,703**	197,649
Amounts due from customers for contract works		**73,507**	92,639
Trade receivables	10	**458,509**	397,441
Other receivables, prepayments and deposits		**42,440**	54,167
Derivative financial instruments		**209**	12
Tax prepaid		**6,440**	7,403
Time deposits		**895,988**	952,375
Restricted cash		**34,959**	91,344
Cash and bank balances		**214,390**	396,865
		2,213,936	2,485,695
Assets of a disposal group held for sale	16	**984,719**	—
Total current assets		**3,198,655**	2,485,695

Consolidated Statement of Financial Position (continued)

	Notes	As at 30 September 2010 HK$'000 Unaudited	As at 31 March 2010 HK$'000 (As restated)
CURRENT LIABILITIES			
Trade payables and accruals	11	**536,410**	376,529
Other payables, deposits received and receipts in advance		**16,072**	38,012
Derivative financial instruments		**16**	293
Amounts due to customers for contract works		**255,864**	201,434
Deposits received		**65,899**	438,315
Interest-bearing bank borrowings		**345,386**	194,537
Tax payable		**399,788**	420,440
		1,619,435	1,669,560
Liabilities directly associated with a disposal group classified as held for sale	16	**244,532**	—
Total current liabilities		**1,863,967**	1,669,560
NET CURRENT ASSETS		**1,334,688**	816,135
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,914,853**	3,166,294
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**398,980**	510,238
Derivative financial instruments		**10,243**	1,453
Loan from an associate	9	**24,560**	24,560
Deferred tax liabilities		**173,574**	345,027
Total non-current liabilities		**607,357**	881,278
Net assets		**2,307,496**	2,285,016
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	12	**85,231**	84,531
Reserves		**1,504,678**	1,389,611
		1,589,909	1,474,142
Non-controlling interests		**717,587**	810,874
Total equity		**2,307,496**	2,285,016

Notes to Unaudited Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and should be read in conjunction with the annual financial statements for the year ended 31 March 2010.

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2010, except for adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are effective to the Group for accounting period beginning on 1 April 2010 as described below.

(a) HKAS 17 (Amendment) "Leases" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, the Group's interests in leasehold land were accounted for as prepaid operating leases which were amortised and recognised in the consolidated income statement over the unexpired lease terms using the straight-line method. As substantially all risks and rewards of the leasehold land are considered having been transferred to the Group based on HKAS 17 (Amendment), the Group's interests in leasehold land are now accounted for as assets held under finance leases and are stated at cost less accumulated depreciation. The amendment has been applied retrospectively. Comparative information has been restated to reflect this change in accounting policy.

Effect of change on consolidated statement of financial position:

	Effect of adoption HKAS 17 (Amendment)	
	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
Increase/(decrease) in:		
Property, plant and equipment	**102,176**	103,566
Prepaid land lease payments	**(102,176)**	(103,566)
	—	—

(b) HKAS 27 (Revised) "Consolidated and Separate Financial Statements" requires that an increase or a decrease in ownership interest in a subsidiary that does not result in the Group losing control over the subsidiary is accounted for as a transaction with owners in their capacity as owners and is dealt with in reserves and attributed to the shareholders of the Company, with no impact to goodwill or income statement. Previously, such transactions impact goodwill and give rise to gains or losses. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, HKAS 27 (Revised) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when the control is lost, with the resulting fair value re-measurement gain or loss being recognised in the income statement. Previously, the retained interest in the former subsidiary is recognised at its carrying amount at the date when the control is lost and it does not give rise to fair value re-measurement gain or loss.

The adoption of these revised standards has affected the accounting for acquisitions and transactions with non-controlling interests and disposal of subsidiaries during the current period.

1. **Basis of preparation and accounting policies** (continued)

The Group has not early adopted any new accounting and financial reporting standards, amendments to existing standards and interpretations which have been issued but are not yet effective. The Group is in the process of making an assessment on the impact of these new/ revised standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

The unaudited interim financial statements were approved and authorised for issue by the board of directors on 25 November 2010.

2. **Segment information**

The Group's businesses are structured and managed separately according to the nature of their operations and the products and services they provided. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel.

	Foundation piling 2010 HK$'000	E&M engineering and building construction 2010 HK$'000	Machinery hiring and trading 2010 HK$'000	Property investment and management 2010 HK$'000	Property development 2010 HK$'000	Unallocated 2010 HK$'000	Eliminations 2010 HK$'000	Consolidated 2010 HK$'000
Segment revenue:								
Sales to external customers	828,007	18,304	5,297	53,624	476,772	—	—	1,382,004
Intersegment sales	—	1,889	9	—	—	—	(1,898)	—
Total	828,007	20,193	5,306	53,624	476,772	—	(1,898)	1,382,004
Segment results	61,108	1,739	(3,103)	(7,313)	310,905	(26,724)	—	336,612
Interest income								1,095
Dividend income from listed investments								102
Finance costs								(6,445)
Share of results of associates								687
Profit before tax								332,051
Income tax expense								(187,065)
Profit for the period								144,986

2. Segment information (continued)

	Foundation piling 2009 HK$'000	E&M engineering and building construction 2009 HK$'000	Machinery hiring and trading 2009 HK$'000	Property investment and management 2009 HK$'000	Property development 2009 HK$'000	Unallocated 2009 HK$'000	Eliminations 2009 HK$'000	Consolidated 2009 HK$'000
Segment revenue:								
Sales to external customers	439,006	22,672	10,206	51,644	545,046	—	—	1,068,574
Intersegment sales	—	—	8	—	—	—	(8)	—
Total	439,006	22,672	10,214	51,644	545,046	—	(8)	1,068,574
Segment results	47,017	2,459	1,151	82,103	302,093	(16,282)	—	418,541
Interest income								171
Dividend income from listed investments								92
Finance costs								(6,594)
Share of results of associates								(220)
Profit before tax								411,990
Income tax expense								(157,387)
Profit for the period								254,603

3. Other income and gains

	Six months ended 30 September 2010 *HK$'000*	2009 *HK$'000*
Interest income	**1,095**	171
Insurance claims	**767**	—
Fair value gains on equity investments at fair value through profit or loss, net	**—**	1,355
Gain on disposal of investment property	**136**	6,156
Gain on disposal of items of property, plant and equipment	**131**	1,380
Gain on disposal of interests in subsidiaries	**—**	155
Foreign exchange gains, net	**1,113**	—
Subsidy income*		
Others	**396**	2,468
	2,546	1,341
	6,184	13,026

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

4. Profit before tax

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

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Depreciation	**25,975**	24,419
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	**(177)**	(1,355)
Derivative instruments – transaction not qualifying as hedge	**10,589**	—
Gain on disposal of units of an investment property	**(136)**	(6,156)
Gain on disposal of items of property, plant and equipment	**(131)**	(1,380)
Loss/(gain) on disposal of interests in subsidiaries (Note 15)	**545**	(155)
Impairment of trade receivables, net	**—**	140
Impairment of other assets	**114**	—
Interest expenses	**6,445**	7,461
Less : Interest capitalised in properties under development	**—**	(867)
	6,445	6,594

5. Income Tax

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	**3,905**	4,864
Elsewhere	**175,615**	147,535
Overprovision in prior period:		
PRC:		
Hong Kong	**—**	—
Elsewhere	**—**	(936)
	179,520	151,463
Deferred tax charge for the period	**7,545**	5,924
	187,065	157,387

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

6. **Dividend**

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Interim dividend HK2.0 cents (2009:HK1.5 cents) per ordinary share	**17,046**	12,588

Notes:

(a) A final dividend of HK3.0 cents per ordinary share, totally approximately HK$25,472,000 for the year ended 31 March 2010 was approved in the Company's Annual General Meeting on 3 August 2010 and paid on 16 August 2010.

(b) An interim dividend in respect of six months ended 30 September 2010 of HK2.0 cents per ordinary share, amounting to HK$17,046,000 was approved at the board meeting on 25 November 2010. The interim dividend has not been recognised as a liability in the consolidated interim financial statements.

7. **Earnings per share**

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$131,872,000 (2009: HK$192,183,000), and the weighted average number of 847,774,920 (2009: 838,532,843) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2010 is based on the profit for the period attributable to ordinary equity holders of the Company of HK$131,872,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options into ordinary shares during the period of 855,130,046.

8. **Property, plant and equipment**

During the period, the Group acquired assets with a cost of HK$62,645,000 (2009: HK$15,577,000) to expand its business. Assets with a net book value of HK$359,000 were disposed of by the Group during the six months ended 30 September 2010 (2009: HK$124,000) resulting in a net gain on disposal of HK$131,000 (2008: HK$1,380,000).

9. **Interest in associates**

	As at 30 September 2010	As at 31 March 2010
	HK$'000	HK$'000
Share of net assets	**22,352**	17,182
Amount due from an associate	**4,289**	284
Loan to an associate	**3,250**	2,450
	29,891	19,916
Less: Impairment	**(284)**	(284)
	29,607	19,632

The amount due from an associate and the loan to an associate are unsecured, interest-free and has no fixed terms of repayment.

9. **Interest in associates** (continued)

The loan from an associate included in the Group's non-current liabilities of HK$24,560,000 (31 March 2010: HK$24,560,000) is unsecured, interest free and will not be repayable within 12 months from 30 September 2010.

The Group's trade receivables and payable balances with the associates are disclosed in notes 10 and 11, respectively.

10. **Trade receivables**

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers other than for retention receivables are within 90 days, and are subject to periodic review by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

	As at 30 September 2010	As at 31 March 2010
	HK$'000	HK$'000
Trade receivables	**458,539**	397,471
Impairment	**(30)**	(30)
	458,509	397,441

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

	As at 30 September 2010	As at 31 March 2010
	HK$'000	HK$'000
Trade receivables:		
Within 90 days	**335,202**	282,348
91 to 180 days	**1,517**	1,759
181 to 360 days	**2,197**	1,643
Over 360 days	**255**	32
	339,171	285,782
Retention receivables	**119,338**	111,659
	458,509	397,441

Included in the trade receivables are amounts due from associates of HK$1,505,000 (31 March 2010: HK$601,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

11. Trade payables and accruals

	As at 30 September 2010 *HK$'000*	As at 31 March 2010 HK$'000
Trade payables:		
Within 30 days	**162,165**	98,525
31 to 90 days	**31,840**	3,718
91 to 180 days	**1,458**	481
Over 180 days	**10,775**	10,168
	206,238	112,892
Retention payables	**111,994**	112,894
Accruals	**218,178**	150,743
	536,410	376,529

Included in the trade payables as at 31 March 2010, are amounts due to associates of HK$124,000, which are of similar credit terms to those offered by the associates to their major customers.

12. Share capital

	As at 30 September 2010 *HK$'000*	As at 31 March 2010 HK$'000
Authorised:		
2,000,000,000 ordinary shares of HK$0.10 each	**200,000**	200,000
Issued and fully paid:		
At 1 April 2010: 845,315,903 ordinary shares of HK$0.10 each	**84,531**	83,821
Issue of 7,000,000 shares under a share option scheme	**700**	710
At 30 September 2010: 852,315,903 ordinary shares	**85,231**	84,531

During the period ended 30 September 2010, share options were exercised resulting in 7,000,000 shares being issued (2009: 1,000,000), with exercise proceeds of HK$5,740,000 (2009: HK$820,000).

13. Contingent liabilities

	As at 30 September 2010 *HK$'000*	As at 31 March 2010 HK$'000
Guarantees in respect of performance bonds	**162,591**	135,154

14. Commitments

	As at 30 September 2010 *HK$'000*	As at 31 March 2010 HK$'000
(a) Capital expenditure		
Authorised, but not contracted for	**—**	9,798
Contracted, but not provided for	**13,075**	52,563
	13,075	62,361
(b) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	**8,837**	8,724
In the second to fifth years, inclusive	**12,195**	5,868
	21,032	14,592

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK$141,016,000 as at 30 September 2010 (31 March 2010: HK$226,952,000).

15. Disposal of interests in subsidiaries

On 22 September 2010, the Group disposed 10% interest in Tysan Trading Company Limited ("TTCL") at a consideration of HK$576,000. TTCL and its subsidiaries are principally engaged in the provision of general trading. Immediately after the disposal, the Group's interest in TTCL reduced to 40% and TTCL and its subsidiaries became associates of the Group.

	HK$'000
Net assets disposed of	**11,210**
Non-controlling interests	**(5,605)**
Loss on disposal	**(545)**
	5,060
Satisfied by:	
Interest in associates	**4,484**
Cash consideration	**576**
	5,060

The carrying amounts of net assets disposed of approximated to its fair value as at the date of disposal.

16. Disposal group classified as held for sale

On 12 June 2010, Tianjin Development Company Limited ("TDC"), a non wholly-owned subsidiary of the Company, Stonehill Limited ("Stonehill"), a wholly-owned subsidiary of the Company, and Tian An (Tianjin) Investment Company Limited, a company not within the Group, entered into a disposal agreement, subject to conditions precedent set out therein, to dispose all of their interest, inclusive of equity and debt interest in Consco Investment Company Limited ("Consco"), a non wholly-owned subsidiary of the Company, to an independent third party. The consideration for the disposal was approximately HK$870 million, of which HK$598 million will be receivable by TDC and Stonehill (the "Disposal").

The principal business of Consco and its subsidiary is property investment. The Disposal constitutes a very substantial disposal of the Company under the Listing Rules. An announcement and a circular were made on 22 June 2010 and 28 July 2010 respectively on the Disposal.

Equity and debt interests were transferred and assigned to the buyer on 29 October 2010. At 30 September 2010, the assets and liabilities related to Consco and its subsidiary have been presented in the consolidated statement of financial position as "Assets of a disposal group held for sale" and "Liabilities directly associated with a disposal group classified as held for sale".

The major classes of assets and liabilities of Consco and its subsidiary classified as held for sale as at 30 September 2010 were as follows:

	As at 30 September 2010	As at 31 March 2010
	HK$'000	HK$'000
Assets		
Property, plant and equipment	**6,644**	—
Investment properties	**889,200**	—
Inventories	**826**	—
Trade receivables	**1,181**	—
Other receivables, prepayments and deposits	**946**	—
Time deposits	**48,094**	—
Cash and bank balances	**37,828**	—
Assets classified as held for sale	**984,719**	—
Liabilities		
Trade payables and accruals	**8**	—
Other payables and deposits received	**33,336**	—
Tax payable	**1,818**	—
Deferred tax liabilities	**209,370**	—
Liabilities directly associated with the assets classified as held for sale	**244,532**	—
Net assets directly associated with the disposal group	**740,187**	—

17. Related party transactions

For the six months ended 30 September 2010, compensation to key management personnel of the Group amounted to HK$9,383,000 (2009: HK$9,392,000).

18. Event after the reporting period

On 15 November 2010, Duncan Properties Limited ("Duncan"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire remaining 40% of equity interests in each of five non wholly-owned subsidiaries from the non-controlling shareholders at HK$300,000,000, being the total consideration for the sale shares and sale debts (the "Acquisition"). The principal businesses of the non wholly-owned subsidiaries include property development, property investment and property management in the PRC. The Acquisition constitutes a discloseable and connected transaction of the Company under the Listing Rules and an announcement relating to the Acquisition was made on 16 November 2010.

Corporate Governance

During the period under review, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") save for the following deviations:

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

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

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

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

Audit Committee

The Group's audit committee comprises three members, Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George who are independent non-executive directors of the Company. The Chairman of the Audit Committee is Mr. Fan Chor Ho Paul.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate and monitor external auditors and provide advice and comments to the directors.

The unaudited interim financial statements of the Group for the six months ended 30 September 2010 have been reviewed by the Audit Committee.

Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code during the period.

Purchase, Sale or Redemption of Listed Securities of the Company

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

By Order of the Board
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 25 November 2010

As at the date of this announcement, the executive Directors of the Company are Mr. Francis Cheung, Mr. Fung Chiu Chak, Victor, Mr. David Chien, Miss Jennifer Kwok, Mr. Chiu Chin Hung, Mr. Wong Kay, Mr. Lau Kin Fai and Mr. Cheung Harvey Jackel; and the independent non-executive Director of the Company are Mr. Fan Chor Ho, Paul, Mr. Tse Man Bun and Mr. Leung Chee Ming, George.

Company website: www.tysan.com