
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, 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 form of proxy 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.

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TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 687)

MAJOR TRANSACTION

ACQUISITION OF LAND IN SHENYANG

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 am. on 14 February 2008 is set out on page 51 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's head office and principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the relevant meeting (or any adjournment thereof).

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

28 January 2008

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	bears the meaning ascribed thereto in the Listing Rules
“Acquisition”	the acquisition of the Land pursuant to the Confirmation Agreement
“Board”	the board of Directors
“Company”	Tysan Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
“Confirmation Agreement”	the agreement dated 18 December 2007 between Sparkle Key and SLRTC confirming Sparkle Key’s winning bid for the Land at about RMB307.8 million (equivalent to about HK\$325.7 million)
“connected persons”	bears the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company, including the non-executive directors, and “Director” means any one of the Directors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huanggu Government”	the People’s Government of Huanggu District, Shenyang, PRC
“Land”	a parcel of land located at the west side of Huang He Nan Da Jie in Huanggu District, Shenyang, PRC with a site area of about 41,430 sq. m.
“Latest Practicable Date”	25 January 2008, the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“PRC”	the People’s Republic of China
“Purchaser”	Sparkle Key, a wholly-owned subsidiary of the Company (and/or Tysan (Shenyang), its wholly-owned subsidiary, being a wholly foreign-owned company incorporated in PRC to acquire the Land)
“RMB”	Renminbi, the lawful currency of PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at 10:00 a.m. on Thursday, 14 February 2008 for the purpose of seeking approval from the Shareholders on the Acquisition, the notice of which is set out on page 51 of this circular
“Shareholders”	shareholders of the Company
“SLRTC”	Shenyang Land Reserve Trading Centre, a department of the People’s Government of Shenyang, PRC under SPLRB responsible for, inter alia, the handling and management of the acquisition of land resources by the SPLRB and the disposal of the same through public transactions in Shenyang, PRC
“Sparkle Key”	Sparkle Key Limited, a wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“SPLRB”	Shenyang Planning and Land Resources Bureau, a department of the People’s Government of Shenyang, PRC responsible for, inter alia, the planning, surveying, administration and management of land resources of Shenyang, PRC
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary of the Company within the meaning of Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) or Section 86 of The Companies Act 1981 of Bermuda (as amended), whether incorporated in Hong Kong, Bermuda or elsewhere

DEFINITIONS

“Tysan (Shenyang)”	泰昇房地產(瀋陽)有限公司, a company incorporated in the PRC with limited liability
“Vendor”	SLRTC, the vendor of the Land, which and its ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is a third party independent of the Company and its connected persons
“Vigers”	Vigers Appraisal and Consulting Limited, a firm of professional property surveyors
“%”	per cent

In this circular, amounts quoted in RMB have been translated into HK\$ at the reference rate of HK\$1.00 = RMB0.945 for illustration purpose only. Such transaction should not be construed as a representation that the relevant amounts have been, could have been, converted at that or any other rate or at all.

LETTER FROM THE BOARD



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 January 2008

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION ACQUISITION OF LAND IN SHENYANG

1. INTRODUCTION

The Board announced that on 18 December 2007, Sparkle Key, a wholly-owned subsidiary of the Company, won a bid at an open bidding to acquire the Land which is situated at Huanggu District, Shenyang at a consideration of about RMB307.8 million (equivalent to about HK\$325.7 million). Accordingly, on 18 December 2007, Sparkle Key entered into the Confirmation Agreement with SLRTC confirming Sparkle Key's winning the bid for the Land.

On the basis that the applicable percentage ratio in respect of the Acquisition under Rule 14.07 of the Listing Rules (the consideration for the Acquisition divided by the market capitalization of the Company) is greater than 25 per cent but less than 100 per cent, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Pursuant to Rule 14.40 of the Listing Rules, the Acquisition is subject to the approval of the Shareholders.

LETTER FROM THE BOARD

The purpose of this circular is, inter alia, (i) to provide you with further information relating to the Acquisition; and (ii) to set out a notice of the SGM to consider and, if thought fit, to approve the Acquisition.

2. CONFIRMATION AGREEMENT

Date:

18 December 2007

Parties:

- (a) Purchaser: Sparkle Key, a wholly-owned subsidiary of the Company (and/or Tysan (Shenyang), its wholly-owned subsidiary, being a wholly foreign-owned company incorporated in PRC to acquire the Land)
- (b) Vendor: SLRTC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SLRTC and SPLRB and their ultimate beneficial owners are third parties independent of the Company and its connected persons. The Company has not entered into any transaction with the Vendor or with parties connected or otherwise associated with one another which would be required to be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

Consideration:

The total cash consideration for the Acquisition is about RMB307.8 million (equivalent to about HK\$325.7 million).

An initial payment of RMB160 million (equivalent to about HK\$169 million) was paid upon the winning of the bid, and the balance of the consideration shall be paid on or before 30 April 2008.

The Board considers that the value of the Land is commensurable with the consideration for the Acquisition, which was arrived at as a result of a successful bid by Sparkle Key at an open bidding having taken into account the location and potential value of the Land and the average market price or assessed value of similar plots of land in the proximity.

Information on the Land:

The Land covers an area of about 41,340 sq. m. and is located in Huanggu District, Shenyang, Liaoning Province, PRC and may be developed as residential and/or commercial use development. The terms for the grant of the land use right of the Land are 50 years for the residential portion and 40 years for the commercial portion respectively.

It is expected that the Huanggu Government will deliver vacant possession of the Land to the Purchaser on or before 30 July 2008.

LETTER FROM THE BOARD

Land Contract:

The Purchaser and SPLRB will enter into a land contract for the Land within one month from the date of the delivery of the Land to the Purchaser.

3. REASONS FOR THE ACQUISITION

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

Shenyang, being the capital city of Liaoning Province of PRC, is located at the centre of the Northeastern Asian economic ring and Bohai economic ring. Shenyang is the economic, cultural, trade and communication hub of Northeastern China. It is a sub-provincial city with a population of about 7.2 million. It is also a major industrial and cultural city with historical importance. With its strategic geographical location, it is believed that the growth prospects of the city will be tremendous.

The Land is located in a prime location in Shenyang and the Group intends to develop the Land into a quality residential and commercial development. The Acquisition is in line with the Company's business strategies to explore suitable investment opportunities in major cities of PRC.

The Board believes that the Acquisition will increase the land bank of the Group, advance the Group's position in the PRC property market and afford to the Group the opportunity to conduct project development in Shenyang of PRC. The Board (including the independent non-executive Directors) considers that the Acquisition will be beneficial to the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are on normal commercial terms, which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

4. LISTING RULES IMPLICATIONS

On the basis that the applicable percentage ratio in respect of the Acquisition under Rule 14.07 of the Listing Rules (the consideration for the Acquisition divided by the market capitalization of the Company) is greater than 25 per cent but less than 100 per cent, the Acquisition constitutes a major transaction for the Company under the Listing Rules. Pursuant to Rule 14.40 of the Listing Rules, the Acquisition is conditional on the approval of the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the substantial Shareholders or other connected persons of the Company has any material interest in the Acquisition and accordingly none of them will be required to abstain from voting at the SGM.

5. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on page 51 of this circular. At the SGM, an ordinary resolution will be proposed to approve the Acquisition.

LETTER FROM THE BOARD

A form of proxy for use in connection with the SGM is enclosed with this circular. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which they are signed or a notarially certified copy thereof, must be deposited at the Company's head office and principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) should you so wish.

6. FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

The Group intends to finance the Acquisition by internal resources and borrowings from financial institutions, the exact extent and proportions of which are yet to be considered and determined taking into account the availability and extent of the loan facilities and the terms thereof and the need of the Company.

The Acquisition will accordingly increase the Group's assets as well as liabilities depending on the extent of financial facilities needed. Bank borrowings, if required, may increase the gearing of the Group.

Since, as mentioned hereinabove, the Acquisition will increase the land bank of the Company, and advance the Group's position in the PRC property market and afford to the Group the opportunity to conduct project developments in Shenyang of PRC, the Board believes that the earning ability of the Group will be enhanced through the Acquisition.

Save as mentioned above, the Acquisition is not expected to have any material impact on the earnings, assets and liabilities of the Group.

7. RECOMMENDATION

The Board considers the terms of the Acquisition to be fair and reasonable so far as the Shareholders are concerned, and that it is in the interests of the Company and its Shareholders as a whole. They therefore recommend the Shareholders to vote in favour of the ordinary resolution in relation to the Acquisition as set out in the notice of the SGM.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL SUMMARY

The following is a summary of the consolidated results of the Group for the three years ended 31 March 2005, 31 March 2006 and 31 March 2007 and the consolidated balance sheets as at 31 March 2005, 2006 and 2007 as extracted from the published annual reports of the Company for the years ended 31 March 2006 and 31 March 2007 respectively.

(a) Consolidated income statement

	Year ended 31 March		
	2005	2006	2007
	HK\$'000	HK\$'000	HK\$'000
REVENUE	675,845	1,080,734	1,305,170
Cost of sales	(663,917)	(1,005,799)	(1,194,403)
Gross profit	11,928	74,935	110,767
Other income and gains	16,038	11,299	8,735
Selling expenses	(1,184)	(1,004)	(11,579)
Administrative expenses	(31,698)	(32,684)	(32,923)
Changes in fair value of investment properties	31,929	60,234	5,456
Other expenses, net	(8,644)	(2,867)	(5,008)
Finance costs	(7,247)	(20,346)	(23,120)
PROFIT BEFORE TAX	11,122	89,567	52,328
Tax	(12,798)	(32,736)	36,516
PROFIT FOR THE YEAR	(1,676)	56,831	88,844
Attributable to:			
Equity holders of the Company	(22,467)	20,977	43,983
Minority interests	20,791	35,854	44,861
	(1,676)	56,831	88,844
DIVIDEND	—	—	12,562
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	HK(2.95) cents	HK2.73 cents	HK5.25 cents
Diluted	N/A	HK2.69 cents	N/A

(b) Consolidated balance sheet

	As at 31 March		
	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	120,533	99,280	131,218
Investment properties	995,540	1,075,150	1,122,780
Prepaid land lease payments	1,473	1,437	1,401
Properties under development	311,934	469,379	500,668
Interests in associates	234	—	—
Negative goodwill	(3,691)	—	—
Other assets	1,499	1,040	1,040
Deferred tax assets	1,877	160	—
Total non-current assets	<u>1,429,399</u>	<u>1,646,446</u>	<u>1,757,107</u>
CURRENT ASSETS			
Properties under development for sale	—	—	199,930
Equity investments at fair value through profit or loss	432	372	876
Inventories	10,151	8,673	9,954
Properties held for sale	11,468	11,468	11,289
Amounts due from customers for contract works	99,381	142,476	93,473
Trade receivables	145,026	219,555	262,582
Other receivables, prepayments and deposits	32,164	15,716	41,188
Tax prepaid	1,774	1,571	10,667
Time deposits	35,957	40,977	39,830
Restricted cash	—	—	352,449
Cash and bank balances	<u>102,070</u>	<u>199,135</u>	<u>211,897</u>
Total current assets	<u>438,423</u>	<u>639,943</u>	<u>1,234,135</u>
CURRENT LIABILITIES			
Trade payables and accruals	142,791	175,030	239,045
Other payables, deposits received and receipts in advance	40,164	51,990	65,329
Amounts due to customers for contract works	19,373	19,261	86,857
Deposits received from pre-sale of properties under development	—	—	372,980
Interest-bearing bank borrowings	123,918	202,680	189,489
Current portion of finance lease payables	250	—	—
Tax payable	<u>2,340</u>	<u>6,713</u>	<u>7,590</u>
Total current liabilities	<u>328,836</u>	<u>455,674</u>	<u>961,290</u>
NET CURRENT ASSETS	<u>109,587</u>	<u>184,269</u>	<u>272,845</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,538,986</u>	<u>1,830,715</u>	<u>2,029,952</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

	As at 31 March		
	2005 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,538,986</u>	<u>1,830,715</u>	<u>2,029,952</u>
NON-CURRENT LIABILITIES			
Deposits received from pre-sale of properties under development	—	—	127,870
Interest-bearing bank borrowings	271,286	455,834	437,517
Deferred tax liabilities	<u>243,694</u>	<u>266,689</u>	<u>224,833</u>
Total non-current liabilities	<u>514,980</u>	<u>722,523</u>	<u>790,220</u>
Net assets	<u>1,024,006</u>	<u>1,108,192</u>	<u>1,239,732</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	76,496	83,746	83,746
Reserves	<u>477,355</u>	<u>522,731</u>	<u>596,466</u>
	553,851	606,477	680,212
Minority interests	<u>470,155</u>	<u>501,715</u>	<u>559,520</u>
Total equity	<u>1,024,006</u>	<u>1,108,192</u>	<u>1,239,732</u>

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

Set out below are the consolidated income statement of the Group for the year ended 31 March 2007, the consolidated balance sheet of the Group as at 31 March 2007, the consolidated statement of changes in equity of the Group for the year ended 31 March 2007, the consolidated cash flow statement of the Group for the year ended 31 March 2007, together with the accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2007.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
REVENUE	1	1,305,170	1,080,734
Cost of sales		<u>(1,194,403)</u>	<u>(1,005,799)</u>
Gross profit		110,767	74,935
Other income and gains	1	8,735	11,299
Selling expenses		(11,579)	(1,004)
Administrative expenses		(32,923)	(32,684)
Changes in fair value of investment properties	10	5,456	60,234
Other expenses, net		(5,008)	(2,867)
Finance costs	2	<u>(23,120)</u>	<u>(20,346)</u>
PROFIT BEFORE TAX	3	52,328	89,567
Tax	5	<u>36,516</u>	<u>(32,736)</u>
PROFIT FOR THE YEAR		<u><u>88,844</u></u>	<u><u>56,831</u></u>
Attributable to:			
Equity holders of the Company	6	43,983	20,977
Minority interests		<u>44,861</u>	<u>35,854</u>
		<u><u>88,844</u></u>	<u><u>56,831</u></u>
DIVIDEND	7	<u>12,562</u>	<u>—</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK5.25 cents</u>	<u>HK2.73 cents</u>
Diluted		<u>N/A</u>	<u>HK2.69 cents</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP****CONSOLIDATED BALANCE SHEET**

31 March 2007

		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	9	131,218	99,280
Investment properties	10	1,122,780	1,075,150
Prepaid land lease payments	11	1,401	1,437
Properties under development	12	500,668	469,379
Interests in associates	13	—	—
Other assets		1,040	1,040
Deferred tax assets	24	—	160
Total non-current assets		<u>1,757,107</u>	<u>1,646,446</u>
CURRENT ASSETS			
Properties under development for sale	12	199,930	—
Equity investments at fair value through profit or loss	14	876	372
Inventories	15	9,954	8,673
Properties held for sale	16	11,289	11,468
Amounts due from customers for contract works	17	93,473	142,476
Trade receivables	18	262,582	219,555
Other receivables, prepayments and deposits	22	41,188	15,716
Tax prepaid		10,667	1,571
Time deposits	19	39,830	40,977
Restricted cash	19	352,449	—
Cash and bank balances	19	<u>211,897</u>	<u>199,135</u>
Total current assets		<u>1,234,135</u>	<u>639,943</u>
CURRENT LIABILITIES			
Trade payables and accruals	20	239,045	175,030
Other payables, deposits received and receipts in advance	21	65,329	51,990
Amounts due to customers for contract works	17	86,857	19,261
Deposits received from pre-sale of properties under development	22	372,980	—
Interest-bearing bank borrowings	23	189,489	202,680
Tax payable		<u>7,590</u>	<u>6,713</u>
Total current liabilities		<u>961,290</u>	<u>455,674</u>
NET CURRENT ASSETS		<u>272,845</u>	<u>184,269</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,029,952</u>	<u>1,830,715</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,029,952</u>	<u>1,830,715</u>
NON-CURRENT LIABILITIES			
Deposits received from pre-sale of properties under development	22	127,870	—
Interest-bearing bank borrowings	23	437,517	455,834
Deferred tax liabilities	24	<u>224,833</u>	<u>266,689</u>
Total non-current liabilities		<u>790,220</u>	<u>722,523</u>
Net assets		<u>1,239,732</u>	<u>1,108,192</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	25	83,746	83,746
Reserves	27(a)	<u>596,466</u>	<u>522,731</u>
		680,212	606,477
Minority interests		<u>559,520</u>	<u>501,715</u>
Total equity		<u>1,239,732</u>	<u>1,108,192</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2007

	Attributable to equity holders of the Company								
	Issued capital	Share premium account	Statutory reserves	Exchange fluctuation reserve	Retained profit/ (accumulated losses)	Proposed final dividend	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(note 33(a))						
At 31 March 2005 and 1 April 2005	76,496	510,987	4,586	3,613	(35,649)	—	560,033	470,155	1,030,188
Exchange realignment and total income and expense for the year recognised directly in equity	—	—	19	10,748	—	—	10,767	6,947	17,714
Profit for the year	—	—	—	—	20,977	—	20,977	35,854	56,831
Total income and expense for the year	—	—	19	10,748	20,977	—	31,744	42,801	74,545
Issue of shares	25	7,250	7,450	—	—	—	14,700	—	14,700
Dividends paid to minority shareholders	—	—	—	—	—	—	—	(13,891)	(13,891)
Loans from minority shareholders	—	—	—	—	—	—	—	2,960	2,960
Repayment of loans from minority shareholders	—	—	—	—	—	—	—	(460)	(460)
Capital contribution from minority shareholders	—	—	—	—	—	—	—	150	150
Transfer from retained profits	—	—	12	—	(12)	—	—	—	—
At 31 March 2006 and 1 April 2006	83,746	518,437*	4,617*	14,361*	(14,684)*	—	606,477	501,715	1,108,192
Exchange realignment and total income and expense for the year recognised directly in equity	—	—	40	29,712	—	—	29,752	20,434	50,186
Profit for the year	—	—	—	—	43,983	—	43,983	44,861	88,844
Total income and expense for the year	—	—	40	29,712	43,983	—	73,735	65,295	139,030
Dividends paid to minority shareholders	—	—	—	—	—	—	—	(7,547)	(7,547)
Proposed 2007 final dividend	7	—	—	—	(12,562)	12,562	—	—	—
Transfer from retained profits	—	—	626	—	(626)	—	—	57	57
At 31 March 2007	83,746	518,437*	5,283*	44,073*	16,111*	12,562	680,212	559,520	1,239,732*

* These reserve accounts comprise the consolidated reserves of HK\$596,466,000 (2006: HK\$522,731,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		52,328	89,567
Adjustments for:			
Finance costs	2	23,120	20,346
Interest income	1	(3,431)	(1,586)
Dividend income from listed investments	3	(11)	(10)
Loss on disposal of an investment property	3	228	109
Loss/(gain) on disposal and write-off of items of property, plant and equipment	1, 3	3,073	(6,908)
Depreciation	3, 9	40,468	45,156
Recognition of prepaid land lease payments	3, 11	36	36
Fair value losses/(gains) on equity investments at fair value through profit or loss	1, 3	(504)	60
Changes in fair value of investment properties	10	(5,456)	(60,234)
Impairment of other assets	3	—	459
Impairment/(write-back of impairment) of trade receivables	3	(505)	142
Impairment of deposits	3	430	—
Write-down/(reversal of write-down) of inventories to net realisable value	3	(94)	172
Provision for impairment of an amount due from an associate	3	15	234
		<u>109,697</u>	<u>87,543</u>
Decrease/(increase) in inventories		(1,187)	1,306
Decrease in properties held for sale		179	—
Decrease/(increase) in amounts due from customers for contract works		49,003	(43,095)
Increase in trade receivables		(42,522)	(74,671)
Decrease/(increase) in other receivables, prepayments and deposits		(25,902)	16,448
Increase in restricted cash		(352,449)	—
Increase in trade payables and accruals		64,459	29,856
Increase in other payables, deposits received and receipts in advance		13,339	11,826
Increase/(decrease) in amounts due to customers for contract works		67,596	(112)
Increase in deposits received from pre-sale of properties under development		<u>500,850</u>	<u>—</u>
Cash generated from operations		383,063	29,101
Taxes paid in the People's Republic of China (the "PRC"):			
Hong Kong		(600)	(455)
Elsewhere		(23,273)	(9,029)
Taxes refunded in the PRC:			
Hong Kong		1,558	—
Elsewhere		<u>—</u>	<u>355</u>
Net cash inflow from operating activities		<u>360,748</u>	<u>19,972</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net cash inflow from operating activities		360,748	19,972
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,431	1,586
Dividend income from listed investments		11	10
Purchases of items of property, plant and equipment	9	(79,314)	(30,338)
Additions to investment properties	10	(17,919)	(15,957)
Additions to properties under development	12	(193,610)	(142,816)
Proceeds on disposal of items of property, plant and equipment		4,048	13,430
Proceeds on disposal of an investment property		18,802	13,691
Increase in an amount due from an associate		(15)	—
Net cash outflow from investing activities		(264,566)	(160,394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	25	—	14,700
Interest paid on bank borrowings		(40,901)	(25,599)
Interest element of finance lease payments		—	(2)
Increase/(decrease) in trust receipt loans		(22,351)	11,093
New bank borrowings		1,406,760	879,148
Repayment of bank borrowings		(1,428,272)	(626,460)
Capital element of finance lease payments		—	(250)
Dividends paid to minority shareholders		(7,547)	(13,891)
Repayment of loans to minority shareholders		—	(460)
Capital contribution from a minority shareholder		—	150
Loans from minority shareholders		—	2,960
Net cash inflow/(outflow) from financing activities		(92,311)	241,389
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		240,112	138,027
Effect of foreign exchange rate changes, net		6,550	1,118
CASH AND CASH EQUIVALENTS AT END OF YEAR		250,533	240,112
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	211,897	199,135
Non-pledged time deposits with original maturity of less than three months when acquired	19	39,830	40,977
Bank overdrafts	23	(1,194)	—
		250,533	240,112

NOTES TO FINANCIAL STATEMENTS

31 March 2007

1. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the aggregate of the value of foundation piling, electrical and mechanical ("E&M") engineering and building construction contracts certified by independent architects or quantity surveyors; income derived from machinery trading and property management; rental income from property and machinery leasing; and income from the sale of properties held for sale, after eliminations of all significant intragroup transactions.

An analysis of the Group's revenue, other income and gains is as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue:		
Foundation piling	990,281	792,770
E&M engineering and building construction	177,226	172,003
Machinery leasing and trading	39,575	20,162
Property investment and management	97,840	95,799
Property development	248	—
	<u>1,305,170</u>	<u>1,080,734</u>
Other income and gains:		
Interest income	3,431	1,586
Insurance claims	1,191	275
Fair value gains on equity investments at fair value through profit or loss	504	—
Gain on disposal of items of property, plant and equipment	—	6,908
Foreign exchange gains, net	—	788
Others	3,609	1,742
	<u>8,735</u>	<u>11,299</u>

2. FINANCE COSTS

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings and overdrafts wholly repayable within five years	42,125	29,153
Finance leases	—	2
Total interest	42,125	29,155
Less: Interest capitalised in properties under development (note 12)	<u>(19,005)</u>	<u>(8,809)</u>
	<u>23,120</u>	<u>20,346</u>

3. PROFIT BEFORE TAX

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

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Depreciation	9	40,468	45,156
Recognition of prepaid land lease payments	11	36	36
Minimum lease payments under operating leases of land and buildings		11,818	9,879
Rental of construction equipment		21,079	13,775
Auditors' remuneration:			
Provision for the year		1,804	1,623
Underprovision/(overprovision) in the prior year		(45)	99
		<u>1,759</u>	<u>1,722</u>
Employee benefits expense (including directors' remuneration — note 4):			
Wages and salaries		160,926	133,716
Pension scheme contributions		5,379	4,560
		<u>166,305</u>	<u>138,276</u>
Foreign exchange losses/(gains), net*		484	(788)
Impairment/(write-back of impairment) of trade receivables*		(505)	142
Impairment of deposits		430	—
Write-down/(reversal of write-down) of inventories to net realisable value*		(94)	172
Loss/(gain) on disposal and write-off of items of property, plant and equipment*		3,073	(6,908)
Loss on disposal of an investment property*		228	109
Fair value losses/(gains) on equity investments at fair value through profit or loss*		(504)	60
Impairment of other assets*		—	459
Provision for impairment of an amount due from an associate*		15	234
Rental income from operating leases of machinery		(13,529)	(6,002)
Net rental income from investment properties		(68,574)	(72,055)
Dividend income from listed investments		<u>(11)</u>	<u>(10)</u>

* These amounts are included in "Other expenses, net" or "Other income and gains" on the face of the consolidated income statement.

4. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	GROUP	
	2007	2006
	HK\$'000	HK\$'000
Fees:		
Executive directors	—	—
Independent non-executive directors	360	360
Other emoluments of executive directors:		
Basic salaries, housing allowances, other allowances and benefits in kind	15,731	12,465
Pension scheme contributions	<u>72</u>	<u>72</u>
	<u>16,163</u>	<u>12,897</u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The remuneration paid or payable to each of the directors is as follows:

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
2007				
Executive directors:				
Mr. Francis Cheung	—	5,764	12	5,776
Mr. Fung Chiu Chak, Victor	—	3,328	12	3,340
Mr. David Chien	—	813	12	825
Miss Jennifer Kwok	—	1,778	12	1,790
Mr. Chiu Chin Hung	—	2,180	12	2,192
Mr. Wong Kay	—	1,868	12	1,880
	<u>—</u>	<u>15,731</u>	<u>72</u>	<u>15,803</u>
Independent non-executive directors:				
Mr. Fan Chor Ho, Paul	120	—	—	120
Mr. Chau Cham Son	120	—	—	120
Mr. Tse Man Bun	120	—	—	120
	<u>360</u>	<u>—</u>	<u>—</u>	<u>360</u>
Total	<u>360</u>	<u>15,731</u>	<u>72</u>	<u>16,163</u>
2006				
Executive directors:				
Mr. Francis Cheung	—	4,782	12	4,794
Mr. Fung Chiu Chak, Victor	—	2,691	12	2,703
Mr. David Chien	—	723	12	735
Miss Jennifer Kwok	—	1,213	12	1,225
Mr. Chiu Chin Hung	—	1,641	12	1,653
Mr. Wong Kay	—	1,415	12	1,427
	<u>—</u>	<u>12,465</u>	<u>72</u>	<u>12,537</u>
Independent non-executive directors:				
Mr. Fan Chor Ho, Paul	120	—	—	120
Mr. Chau Cham Son	120	—	—	120
Mr. Tse Man Bun	120	—	—	120
	<u>360</u>	<u>—</u>	<u>—</u>	<u>360</u>
Total	<u>360</u>	<u>12,465</u>	<u>72</u>	<u>12,897</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	169	986
Elsewhere	13,999	12,809
	<u>14,168</u>	<u>13,795</u>
Underprovision/(overprovision) in the prior year:		
PRC:		
Hong Kong	69	—
Elsewhere	(220)	(90)
	<u>(151)</u>	<u>(90)</u>
Deferred tax (note 24)	<u>(50,533)</u>	<u>19,031</u>
Total tax charge/(credit) for the year	<u><u>(36,516)</u></u>	<u><u>32,736</u></u>

A reconciliation of the tax charge applicable to profit before tax using the statutory rates for the countries or regions in which the Company and its subsidiaries are domiciled to the tax charge/(credit) at the effective tax rate, is as follows:

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	<u>52,328</u>	<u>89,567</u>
Tax at the statutory rates	13,609	27,740
Effects on opening deferred tax of decrease in rates	(58,966)	—
Adjustments in respect of current tax of previous periods	(151)	(90)
Income not subject to tax	(2,800)	(2,740)
Expenses not deductible for tax	9,509	5,058
Tax losses utilised from previous periods	(2,297)	(1,067)
Tax losses not recognised	<u>4,580</u>	<u>3,835</u>
Tax charge/(credit) at the Group's effective rate	<u><u>(36,516)</u></u>	<u><u>32,736</u></u>

6. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 March 2007 includes a profit of HK\$1,366,000 (2006: loss of HK\$2,356,000) which has been dealt with in the financial statements of the Company (note 27(b)).

7. DIVIDEND

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final dividend - HK1.5 cents (2006: Nil) per ordinary share	<u>12,562</u>	<u>—</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$43,983,000 (2006: HK\$20,977,000), and the 837,465,903 (2006: weighted average number of 768,739,875) ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 March 2006 was based on the profit for the year attributable to ordinary equity holders of the Company of HK\$20,977,000. The weighted average number of ordinary shares used in the calculation was the ordinary shares in issue during that year, as used in the basic earnings per share calculation of 768,739,875 and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year of 12,398,490.

A diluted earnings per share amount for the year ended 31 March 2007 has not been disclosed as no potentially diluting events existed during the year.

9. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Equipment and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Motor yacht <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2007						
Cost:						
At beginning of year	625,769	29,320	17,465	6,098	60,122	738,774
Additions	75,095	2,648	1,403	—	168	79,314
Disposals and write-off	(25,100)	(685)	(1,433)	—	(800)	(28,018)
Exchange realignment	364	100	139	—	1,040	1,643
At 31 March 2007	<u>676,128</u>	<u>31,383</u>	<u>17,574</u>	<u>6,098</u>	<u>60,530</u>	<u>791,713</u>
Accumulated depreciation and impairment:						
At beginning of year	544,262	25,380	12,578	6,098	51,176	639,494
Depreciation provided during the year	35,806	1,214	1,913	—	1,535	40,468
Disposals and write-off	(18,162)	(614)	(1,366)	—	(755)	(20,897)
Exchange realignment	280	83	74	—	993	1,430
At 31 March 2007	<u>562,186</u>	<u>26,063</u>	<u>13,199</u>	<u>6,098</u>	<u>52,949</u>	<u>660,495</u>
Net book value:						
At 31 March 2007	<u>113,942</u>	<u>5,320</u>	<u>4,375</u>	<u>—</u>	<u>7,581</u>	<u>131,218</u>
At 31 March 2006	<u>81,507</u>	<u>3,940</u>	<u>4,887</u>	<u>—</u>	<u>8,946</u>	<u>99,280</u>

GROUP

	Equipment and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Motor yacht <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2006						
Cost:						
At beginning of year	721,602	38,640	17,007	6,098	58,966	842,313
Additions	25,873	1,136	1,529	—	1,800	30,338
Disposals and write-off	(121,883)	(10,502)	(1,137)	—	(1,112)	(134,634)
Exchange realignment	177	46	66	—	468	757
At 31 March 2006	<u>625,769</u>	<u>29,320</u>	<u>17,465</u>	<u>6,098</u>	<u>60,122</u>	<u>738,774</u>
Accumulated depreciation and impairment:						
At beginning of year	621,971	33,607	11,442	6,098	48,662	721,780
Depreciation provided during the year	38,914	1,170	1,908	—	3,164	45,156
Disposals and write-off	(116,764)	(9,436)	(800)	—	(1,112)	(128,112)
Exchange realignment	141	39	28	—	462	670
At 31 March 2006	<u>544,262</u>	<u>25,380</u>	<u>12,578</u>	<u>6,098</u>	<u>51,176</u>	<u>639,494</u>
Net book value:						
At 31 March 2006	<u>81,507</u>	<u>3,940</u>	<u>4,887</u>	<u>—</u>	<u>8,946</u>	<u>99,280</u>
At 31 March 2005	<u>99,631</u>	<u>5,033</u>	<u>5,565</u>	<u>—</u>	<u>10,304</u>	<u>120,533</u>

Certain of the Group's equipment and machinery were pledged to banks as security for banking facilities granted to the Group (note 23).

Certain of the Group's equipment and machinery are leased to third parties under operating leases, further summary details of which are included in note 28(a) to the financial statements.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The gross amounts of the Group's equipment and machinery held for use under operating leases and the related accumulated depreciation and impairment losses are as follows:

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost	110,515	94,944
Accumulated depreciation	(73,166)	(76,303)
Accumulated impairment losses	(887)	(1,170)
Net book value	<u>36,462</u>	<u>17,471</u>

10. INVESTMENT PROPERTIES

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at beginning of year	1,075,150	995,540
Additions	17,919	15,957
Disposals	(19,030)	(13,800)
Fair value changes	5,456	60,234
Exchange realignment	43,285	17,219
Carrying amount at end of year	<u>1,122,780</u>	<u>1,075,150</u>

The Group's investment properties are held under the following lease terms in the following geographical locations:

	PRC		
	Hong Kong	Elsewhere	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Medium term leases	10,300	—	10,300
Long term leases	<u>35,300</u>	<u>1,077,180</u>	<u>1,112,480</u>
	<u>45,600</u>	<u>1,077,180</u>	<u>1,122,780</u>

The Group's investment properties were revalued on an open market, existing use basis, as at 31 March 2007, by Vigers Appraisal and Consulting Limited, a firm of independent professionally qualified property valuers. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 28(a) to the financial statements.

Certain of the Group's investment properties were pledged to banks as security for banking facilities granted to the Group (note 23).

11. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount at beginning of year	1,473	1,509
Recognised during the year	(36)	(36)
Carrying amount at end of year	1,437	1,473
Current portion included in other receivables, prepayments and deposits	(36)	(36)
Non-current portion	<u>1,401</u>	<u>1,437</u>

The leasehold land is held under a medium term lease and is situated in Hong Kong.

12. PROPERTIES UNDER DEVELOPMENT

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of year	469,379	311,934
Additions during the year	193,610	142,816
Interest capitalised (note 2)	19,005	8,809
Exchange realignment	18,604	5,820
Balance at end of year	700,598	469,379
Current portion	(199,930)	—
Non-current portion	<u>500,668</u>	<u>469,379</u>

The Group's properties under development were pledged to banks as security for banking facilities granted to the Group (note 23).

13. INTERESTS IN ASSOCIATES

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	—	—
Amount due from an associate	249	234
	249	234
Less: Provision for impairment	(249)	(234)
	<u>—</u>	<u>—</u>

The amount due from an associate is unsecured, interest-free and has no fixed terms of repayment.

The carrying amount of the balance with an associate approximates to its fair value.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

Particulars of the principal associate are as follows:

Name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activity
Turbo Dragon Investment Limited	Ordinary shares of HK\$1 each	Hong Kong	50	Investment holding

The above table lists the associate of the Group which, in the opinion of the directors, affected the Group's share of results of the associates or formed a substantial portion of the Group's interests in associates. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments in Hong Kong, at market value	<u>876</u>	<u>372</u>

The above equity investments at 31 March 2006 and 2007 were classified as held for trading.

15. INVENTORIES

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	1,524	329
Spare parts and others	<u>8,430</u>	<u>8,344</u>
	<u>9,954</u>	<u>8,673</u>

16. PROPERTIES HELD FOR SALE

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	11,468	11,468
Properties sold during the year	<u>(179)</u>	<u>—</u>
At end of year	<u>11,289</u>	<u>11,468</u>

The Group's properties held for sale are located in Mainland China and are held under long term leases.

17. CONSTRUCTION CONTRACTS

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from customers for contract works	93,473	142,476
Amounts due to customers for contract works	<u>(86,857)</u>	<u>(19,261)</u>
	<u>6,616</u>	<u>123,215</u>
Contract costs incurred plus recognised profits less recognised losses to date	2,496,893	2,232,219
Less: Progress billings received and receivable	<u>(2,490,277)</u>	<u>(2,109,004)</u>
	<u>6,616</u>	<u>123,215</u>

18. 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.

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

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables:		
Within 90 days	179,695	172,679
91 to 180 days	593	2,333
181 to 360 days	3,736	153
Over 360 days	<u>89</u>	<u>180</u>
	184,113	175,345
Retention receivables	<u>78,469</u>	<u>44,210</u>
	<u>262,582</u>	<u>219,555</u>

The carrying amounts of the trade receivables approximate to their fair values.

19. CASH AND BANK BALANCES

	Notes	GROUP	
		2007 HK\$'000	2006 HK\$'000
Time deposits	(a)	39,830	40,977
Restricted cash	(a), (b)	352,449	—
Cash and bank balances	(a)	<u>211,897</u>	<u>199,135</u>

Notes:

- (a) At the balance sheet date, the total cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$510,820,000 (2006: HK\$149,557,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

- (b) Pursuant to relevant regulations in the PRC, certain deposits received from pre-sale of properties under development in a designated bank account can only be used for the construction of the relevant properties.

20. TRADE PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Trade payables:				
Within 30 days	112,769	98,160	10	54
31 to 90 days	46,913	8,298	—	—
91 to 180 days	938	511	—	—
Over 180 days	<u>275</u>	<u>1,311</u>	<u>—</u>	<u>—</u>
	160,895	108,280	10	54
Retention payables	19,981	15,759	—	—
Accruals	<u>58,169</u>	<u>50,991</u>	<u>516</u>	<u>650</u>
	<u>239,045</u>	<u>175,030</u>	<u>526</u>	<u>704</u>

The carrying amounts of the trade payables approximate to their fair values.

21. OTHER PAYABLES, DEPOSITS RECEIVED AND RECEIPTS IN ADVANCE

Other payables are non-interest-bearing and have an average term of two (2006: two) months. The carrying amounts of other payables, deposits received and receipts in advance approximate to their fair values.

22. DEPOSITS RECEIVED FROM PRE-SALE OF PROPERTIES UNDER DEVELOPMENT

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits received during the year and balance at end of year	500,850	—
Current portion	<u>(372,980)</u>	<u>—</u>
Non-current portion	<u>127,870</u>	<u>—</u>

The Group conducts the pre-sale of properties when they are still under development. As contracted with customers, deposits are paid to the Group shortly from the signing of the pre-sale contracts. Such amounts held by the Group are non-interest-bearing.

Business tax and land appreciation tax on the deposits received are imposed by the tax authorities, which amounted to approximately HK\$25,495,000 and had been recorded under the caption of “other receivables, prepayments and deposits” in the consolidated balance sheet.

23. INTEREST-BEARING BANK BORROWINGS

Group	2007			2006		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Unsecured:						
Bank overdrafts	7.8	On demand	1,194	—	—	—
Bank loans	5.1-6.6	2007-2011	232,037	5.5-6.1	2006-2008	218,720
Trust receipt loans	—	—	—	6.1-8.0	2006	22,351
			<u>233,231</u>			<u>241,071</u>
Secured:						
Bank loans	5.2-6.4	2007-2009	393,775	5.3-6.3	2006-2010	410,943
Mortgage loans	—	—	—	5.9	2006	6,500
			<u>393,775</u>			<u>417,443</u>
Total bank borrowings			<u><u>627,006</u></u>			<u><u>658,514</u></u>
			2007			2006
			HK\$'000			HK\$'000
Analysed into:						
Bank borrowings repayable:						
Within one year or on demand			189,489			202,680
In the second year			294,841			169,676
In the third to fifth years, inclusive			<u>142,676</u>			<u>286,158</u>
			627,006			658,514
Portion due within one year, classified as current liabilities			<u>(189,489)</u>			<u>(202,680)</u>
Long term portion			<u><u>437,517</u></u>			<u><u>455,834</u></u>

The Group's bank borrowings were secured by certain of its equipment and machinery (note 9), investment properties (note 10) and properties under development (note 12) with an aggregate net book value of approximately HK\$1,046,456,000 (2006: HK\$604,228,000) at the balance sheet date.

In addition, the Company has executed guarantees in respect of borrowing facilities granted to certain of the Company's subsidiaries (note 29(a)).

All of the bank borrowings of the Group bear interest at floating interest rates. The carrying amounts of the bank borrowings approximate to their fair values.

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

The carrying amounts of the Group's bank borrowings denominated in Hong Kong dollars and Renminbi are as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollars	300,206	421,206
Renminbi	326,800	237,308
	<u>627,006</u>	<u>658,514</u>

24. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

GROUP

	Revaluation of investment properties	Depreciation allowance in excess of related depreciation	Losses available for offset against future taxable profit	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2005	(238,051)	(5,643)	1,877	(241,817)
Deferred tax credited/(charged) to the income statement during the year (note 5)	(21,007)	3,693	(1,717)	(19,031)
Exchange realignment	<u>(5,681)</u>	<u>—</u>	<u>—</u>	<u>(5,681)</u>
At 31 March 2006 and 1 April 2006	(264,739)	(1,950)	160	(266,529)
Deferred tax credited/(charged) to the income statement during the year (note 5)	51,302	(609)	(160)	50,533
Exchange realignment	<u>(8,837)</u>	<u>—</u>	<u>—</u>	<u>(8,837)</u>
At 31 March 2007	<u>(222,274)</u>	<u>(2,559)</u>	<u>—</u>	<u>(224,833)</u>

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which will be effective from 1 January 2008. Under the New CIT Law, the corporate income tax rate applicable to domestic companies from 1 January 2008 will decrease from 33% to 25%. Accordingly, the corporate income tax rate of the Group's subsidiaries in Mainland China will decrease from 33% to 25% on 1 January 2008 and thereafter. This reduction in the income tax rate will directly reduce the Group's effective tax rate prospectively from 2008.

According to HKAS 12, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. As a result, the change in the corporate income tax rate has increased tax credit of the current year and decreased deferred tax liabilities, both by HK\$62,750,000 for the year ended 31 March 2007, of which HK\$58,966,000 is related to opening deferred tax.

At the date of approval of these financial statements, detailed implementation and administrative requirements relating to the New CIT Law have yet to be announced. These detailed requirements include regulations concerning the computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions. The Group will further evaluate the impact of the New CIT Law on its operating results and financial positions of future periods as more detailed requirements are issued.

The Group has tax losses arising in Hong Kong of HK\$311,901,000 (2006: HK\$257,487,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax loss can be utilised.

At 31 March 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL

Shares

	COMPANY	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
2,000,000,000 ordinary shares of HK\$0.10 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
837,465,903 ordinary shares of HK\$0.10 each	<u>83,746</u>	<u>83,746</u>

During the year ended 31 March 2006, the subscription rights attaching to 37,500,000 and 35,000,000 share options under the share option scheme were exercised at issue prices of HK\$0.252 and HK\$0.15 per share, respectively, resulting in the issue of 72,500,000 shares of HK\$0.10 each for a total cash consideration of HK\$14,700,000.

A summary of the transactions during the year ended 31 March 2006 with reference to the above movement in the Company's issued share capital is as follows:

	Number of shares in issue	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2005	764,965,903	76,496	510,987	587,483
Share options exercised under the share option scheme	<u>72,500,000</u>	<u>7,250</u>	<u>7,450</u>	<u>14,700</u>
At 31 March 2006 and 2007	<u>837,465,903</u>	<u>83,746</u>	<u>518,437</u>	<u>602,183</u>

Share option scheme

Details of the Company's share option scheme are included in note 26 to the financial statements.

26. SHARE OPTION SCHEME

The Company currently operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group.

The maximum number of unexercised share options currently permitted to be granted under the Scheme must not in aggregate exceed 10% of the shares of the Company in issue at any time.

A summary of the conditions of the Scheme of the Company is as follows:

Purpose	To encourage eligible participants to perform their best in achieving the goals of the Company while at the same time allowing them to share the fruits of the Company's business achieved through their effort and contribution.
Participants	Executives or employees or directors (including both executive directors and non-executive directors) of the Company or any of its subsidiaries.
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	75,196,590 ordinary shares representing 8.98% of the issued share capital.
Maximum entitlement of each participant	Shall not exceed 1% of the issued share capital of the Company in any 12-month period.
Period within which the securities must be taken up under an option	To be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of the grant of options subject to the provisions for early termination thereof.
Minimum period for which an option must be held before it can be exercised	To be determined by the directors and included in the relevant offer letters.
Amount payable on acceptance	Nil.
Basis for determining the exercise price	To be determined by the directors but must be the highest of (i) the nominal value of shares; (ii) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the share options, which must be a business day; and (iii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options.
The remaining life of the Scheme	The Scheme remains in force until 27 August 2012.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There were no outstanding share options under the Scheme during the current year and at the balance sheet date.

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 14 of this circular.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to statutory reserves which are restricted as to use.

(b) Company

	<i>Notes</i>	Share premium account	Contributed surplus	Retained profits	Proposed final dividend	Total
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2005		510,987	29,950	31,104	—	572,041
Issue of shares	31	7,450	—	—	—	7,450
Loss for the year		—	—	(2,356)	—	(2,356)
At 31 March 2006 and 1 April 2006		518,437	29,950	28,748	—	577,135
Profit for the year		—	—	1,366	—	1,366
Proposed 2007 final dividend	12	—	—	(12,562)	12,562	—
At 31 March 2007		<u>518,437</u>	<u>29,950</u>	<u>17,552</u>	<u>12,562</u>	<u>578,501</u>

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1991 prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

28. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain of its machinery (note 9) and its investment properties (note 10) under operating lease arrangements, with leases negotiated for terms ranging from one to four years. The terms of the leases generally also require the tenants and customers to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants and customers falling due as follows:

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	67,101	64,721
In the second to fifth years, inclusive	<u>25,703</u>	<u>23,175</u>
	<u>92,804</u>	<u>87,896</u>

(b) As lessee

The Group leases certain of its office properties, warehouses, staff quarters and certain machinery under operating lease arrangements, with leases negotiated for terms ranging from six to sixty months.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	GROUP	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	11,888	13,938
In the second to fifth years, inclusive	<u>8,024</u>	<u>11,773</u>
	<u>19,912</u>	<u>25,711</u>

The Company did not have any operating lease arrangements at the balance sheet date (2006: Nil).

29. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	GROUP		COMPANY	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees given to financial institutions in connection with general credit facilities and finance lease facilities granted to subsidiaries	—	—	544,158	507,859
Guarantees in respect of performance bonds	<u>141,785</u>	<u>76,492</u>	<u>141,785</u>	<u>76,492</u>
	<u>141,785</u>	<u>76,492</u>	<u>685,943</u>	<u>584,351</u>

- (b) As at 31 March 2007, the Group had provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchases of properties developed by certain subsidiaries of the Group and the outstanding mortgage loans under these guarantees amounted to HK\$103,796,000 (2006: Nil).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the relevant ownership certificates.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the financial statements.

3. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2007, being the date to which the latest audited financial statements of the Company were made up.

4. INDEBTEDNESS

As at the close of business on 30 November 2007, being the latest practicable date for ascertaining certain information relating to this indebtedness statement, the Group had an outstanding bank borrowings of approximately HK\$528.5 million, which comprised bank loans and overdrafts of approximately HK\$524.2 million and HK\$4.3 million, respectively, of which approximately HK\$289 million and HK\$3.5 million were secured by certain of the Group's land and buildings, investment properties, properties under development and machineries with an aggregate carrying value of approximately HK\$646 million.

As at the close of business on 30 November 2007, the Group had given guarantees of approximately HK\$144.9 million to banks for issuing performance bonds to certain construction customers of the Group, and guarantees of HK\$275 million given in respect of mortgage facilities granted by certain banks and third parties relating to the mortgage loans arranged for certain purchasers of properties developed by certain subsidiaries of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payable in the normal course of business, as at the close of business on 30 November 2007, the Group did not have any debt securities, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgage, charge, hire purchase commitments, guarantees or other material contingent liabilities.

Foreign currency amounts for this indebtedness have been translated into Hong Kong dollars at the approximate rates prevailing at the close of business on 30 November 2007.

5. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

6. FINANCIAL AND TRADING PROPECT OF THE GROUP

The Group is principally engaged in foundation piling, building construction, electrical and mechanical engineering, machinery leasing and trading and property investment and development and expects the existing infrastructure projects in Hong Kong and Macau as well as the development projects in Shanghai and Tianjin to continue to generate healthy returns in the coming financial years.

Following the completion of the Acquisition, the Group expects to develop the Land into a quality residential and commercial development. The Acquisition is consistent with the Group's business strategies to explore suitable investment opportunities in major cities of PRC. The Acquisition will increase the land bank of the Group and afford the Group the opportunity to conduct project development in Shenyang.

The following is the text of a letter and valuation certificate, prepared for the purposes of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent valuer, in connection with its valuation as at 18 December 2007 of the Property acquired by the Purchaser in the PRC.



28 January 2008

Vigers Appraisal and Consulting Limited

International Property Consultants

10/F., The Grande Building,
398 Kwun Tong Road,
Kowloon,
Hong Kong

The Directors

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

Dear Sirs,

In accordance with your instructions for us to value a parcel of land (referred hereinafter as the “Property”) located in Shenyang, Liaoning Province in the People’s Republic of China (the “PRC”) and acquired by Sparkle Key Limited (a wholly-owned subsidiary of Tysan Holdings Limited (referred hereinafter to as the “Company”) and referred hereinafter to as “Sparkle Key”) and/or 泰昇房地產(瀋陽)有限公司, its wholly-owned subsidiary, being a wholly foreign-owned company incorporated in the PRC (together collectively referred as the “Purchaser”), we confirm that we have carried out 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 the Property as at 18 December 2007 (“the Date of Valuation”) for incorporation into this circular.

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 valued the Property, which is held as land bank for future development and sale (lease) in the PRC, on the basis that the Property will be developed and completed in accordance with the

latest development conditions appended in the 《 黃河南大街西地塊拍賣成交確認書 》 (Notification of Award of a land parcel located at the western side of Huanghe Nan Dajie, referred hereinafter as “Notification of Award”). We have assumed that approvals for the development proposal will be granted without onerous conditions. In arriving at our opinion of value, we have valued it using Direct Comparison Approach by making reference to comparable market land transactions in the locality assuming sale of the Property on vacant possession basis.

In the course of our valuation, we have not caused title searches to be made for the property interest at the relevant land registry. However, we have been provided with extracts of 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 undertaking our valuation of the Property, we have relied on the legal opinion provided by the Group’s PRC legal adviser, Zhengnan Law Office (the “PRC Legal Opinion”). Based on the PRC Legal Opinion, details of the current status of titles, grant of major approvals, licenses and documents of the property interest are set out in the valuation certificate.

Furthermore, we have relied to a considerable extent on information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, site and floor areas and other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also advised by the Company that no material factors have been concealed or omitted from the information supplied, and have no reason to suspect that any material information has been withheld. We consider that we have been provided with sufficient information to reach an informed view.

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 have been granted without any onerous conditions or undue delay.

We confirmed that we have inspected the exterior of the Property. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site area of the Property and we have assumed that the areas shown on the documents handed to us are correct.

Our valuation has been made on the assumption that the owner sells the Property on 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 the Purchaser has free and uninterrupted rights to use, occupy, development or assign the Property for the whole of the unexpired term as granted.

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.

In valuing the property interests, we have complied with all the requirements set out in Chapter Five and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, our valuations are prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors ("HKIS").

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars. The exchange rate used in valuing the Property in the PRC as at 18 December 2007 was HK\$1.00=RMB0.945. There has been no significant fluctuation in the exchange rates for RMB against Hong Kong Dollars 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)
Executive Director

Note: Raymond K. K. Ho, Chartered Surveyor, has 20 years experience in undertaking valuation of properties in Hong Kong and has over 13 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Market Value as at 18 December 2007
A parcel of land located at the western side of Huanghe Nan Dajie amid Huanggu District, Shenyang City, Liaoning Province the PRC	<p>The Property comprises a parcel of rectangular shaped level land with Lot No. 2006-014 and a site area of approximately 41,340 sq.m. (as per the Notification of Award) located at the western side of Huanghe Nan Dajie amid Huanggu District.</p> <p>The Property is planned to be developed into a residential / commercial development consisting a total gross floor area of approximately 165,360 sq.m.</p> <p>Upon completion, the Property will comprise both residential and commercial floor spaces. As per the Notification of Award, the total commercial floor spaces should not exceed 40% of the total gross floor area.</p> <p>The land use rights of the Property have been granted for terms of 50 and 40 years commencing from the date of issuance of State-owned Land Use Right Certificate for residential and commercial use respectively.</p>	<p>Currently there are some tenement buildings being erected on the Property. These buildings are being demolished by The People's Government of Huanggu District.</p> <p>As per the Notification of Award, the Property will be delivered to Sparkle Key on or before 30 July 2008 on a vacant possession basis.</p>	RMB310,000,000 (equivalent to approximately HK\$328,000,000)

Notes:

1. Pursuant to a document titled 《 黃河南大街西地塊拍賣成交確認書 》 (Notification of Award of a land parcel located at the western side of Huanghe Nan Dajie, referred hereinafter as "Notification of Award") issued by 瀋陽市規劃和國土資源局 (Shenyang Planning and State-owned Land Resources Bureau, referred hereinafter as "SPLRB") on 18 December 2007, the Property with Lot Number 2006-014 and the following development parameters were put up for sale by way of auction in 瀋陽市土地儲備交易中心 (Shenyang Land Reserve Trading Centre, referred hereinafter as the "SLRTC").
 - (a) Location: Western side of Huanghe Nan Dajie amid Huanggu District in Shenyang
 - (b) Boundaries of the site: Huanghe Dajie to the East;
Lane 112 of Huanghe Nan Dajie to the South;
Neighboring site to the West; and
Xinkai He to the North.
 - (c) Permitted Land Uses: Residential and commercial uses
 - (d) Construction site area: Approximately 41,340 sq.m.
 - (e) Plot Ratio: Not larger than 4
 - (f) Total Gross Floor Area (GFA) to be built: 165,360 sq.m.. Among which maximum 40% of the total GFA can be of commercial use.

- | | | |
|-----|---|---|
| (g) | Height Restriction: | Subject to the approval from related height control government department |
| (h) | Site Coverage: | Not larger than 40% |
| (i) | Greenery Ratio: | Not less than 15% |
| (j) | Terms of Land Use Rights: | 50 and 40 years for residential and commercial use respectively |
| (k) | Delivery Standard: | The demolition works of the existing buildings are in progress. According to the Notification of Award, SLRTC should deliver the Property to Sparkle Key in vacant possession mentioned in Note 2 below. |
| (l) | Land Premium: | SPLRB granted the Property to Sparkle Key at a total land premium of RMB307,817,640. Furthermore, Sparkle Key should pay RMB160,000,000 (referred hereinafter as the "Initial Payment") to SLRTC on 18 December 2007 and settle the balance of the total land premium on or before 30 April 2008. As confirmed by the Company, the Initial Payment was fully paid to SLRTC on 17 December 2007. |
| (m) | Confirmation of site area and increase of floor area: | The exact site area and planning conditions granted to the Property should be confirmed by SPLRB. If increase in the plot ratio or commercial floor area is required, Sparkle Key should pay the additional land premium according to the Regulations set out by SPLRB. |
| (n) | Others: | The existing boiler room should only be demolished when the provision of heat was appropriately dealt with and the ancillary premises to the residential portion of the future development should be constructed according to the relevant regulations. |

As confirmed by the Company, both SPLRB, SLRTC and their ultimate beneficial owners are third parties independent of Sparkle Key, the Company and its connected persons.

In the course of our valuation, we have assigned the market value to the Property as at the Date of Valuation based on the development parameters stipulated in the Notification of Award mentioned above.

According to the Notification of Award, the demolition works carrying out on the site should be strictly complied with another document titled 《地塊拆遷承包協議》 (Removal and Demolition Agreement of the Property, referred hereinafter as "R&D Agreement"). The R&D Agreement and the Notification of Award have same legal effectual.

During the demolition process, in the event that 皇姑區人民政府 (The People's Government of Huanggu District, Shenyang, the PRC and referred hereinafter as the "Huanggu Government") cannot deliver the Property to Sparkle Key in vacant possession standards mentioned below, the Notification of Award will be automatically terminated. Any pre-paid land premium should be returned to Sparkle Key in full amount without interest.

2. Pursuant to the R&D Agreement entered into between SLRTC and Huanggu Government, Huanggu Government should be responsible for the demolition and removal of the existing buildings erected on the Property at its own costs. Huanggu Government should deliver the Property to SLRTC on or before 30 April 2008 up to the following vacant possession standards:
 - (a) Existing buildings and structures erected on the Property being totally demolished;
 - (b) Residual soil being completely removed; and

- (c) The Property being levelled to the same heights to the roads connecting the site.

Huanggu Government should settle the compensation fee payable to the occupiers of the existing buildings erected on the Property according to the payment schedule of Sparkle Key and actual demolition schedule carrying out in the subject site.

3. According to the information provided by the Company, the potential tax liability which would arise on the disposal of property located in the PRC are PRC business tax (5% of gross selling price in Shenyang), PRC land appreciation tax (30% to 60% of the net taxable gain on the sale of the Property), PRC corporate income tax (25%, effective from January 1, 2008) and stamp duty (0.05% on the contract value for the transfer of the Property). According to our established practice, in the course of our valuations, we have neither verified nor taken into account such tax liability.
4. Pursuant to a Memorandum Articles of Association and confirmation by the Company, Sparkle Key is a limited liability company incorporated in Hong Kong on 20 April 2007 and indirectly wholly-owned by the Company.
5. According to the opinion of the Company's legal adviser, Zhenghan Law Firm dated 8 January 2008, which contains, inter alia, the following information:
- (a) SPLRB is the official land administration bureau in Shenyang and is entitled to authorize SLRTC to conduct the land auction in respect of the Property. SLRTC is also entitled to sign the Notification of Award on behalf of SPLRB. Sparkle Key, a legal entity established outside the PRC, is qualified as a bidder and entitled to participate in the auction of the Property. However, the state-owned land use rights to the Property cannot be vested in Sparkle Key directly. According to a term of the application document to participate in the auction, the state-owned land use rights to the Property should be vested in a wholly-owned subsidiary of Sparkle Key incorporated in Shenyang (referred hereinafter as the "PRC Subsidiary").
- (b) The Notification of Award and the procedures of the auction are legally valid and Sparkle Key was awarded with the Notification of Award. After complying with all the regulations mentioned in the Notification of Award, the PRC Subsidiary could enter into the Contract for Grant of State-owned Land Use Right with SPLRB and it will subsequently obtain the State-owned Land Use Right Certificate to the Property.
- (c) The PRC Subsidiary could develop the Property according to the development parameters stated in the Notification of Award. These development parameters have been stated in Note (1) above. Furthermore, SLRTC should hand over the Property to the PRC Subsidiary on or before 30 July 2008 according to the standards stated in the Notification of Award. The Property is subject to other special development conditions, such as height restriction and provision of heat and ancillary facilities. The terms of the land use rights to the Property are for 50 and 40 years for residential and commercial use respectively.
- (d) Huanggu Government should ensure that the Property is not subject to any mortgage, court order against seizure of the Property or other third party interest. The date of delivery and standards of the Property upon delivery when deliver to Sparkle Key should be based on the Notification of Award as Sparkle Key has entered into the Notification of Award with SPLRB and has a direct contractual relationship with SPLRB.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein 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 and their respective associates in the equity or debt securities of the Company or its associated corporations (within the meaning 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 Issuers had been notified to the Company and the Stock Exchange were as follows:

(i) Interests in Shares:

Name	Number of Shares and nature of interest			
	Personal interests	Corporate interests	Other interests	Total interests
Mr. Francis Cheung	11,180,600	256,325,000 ⁽¹⁾	54,247,200 ⁽²⁾	321,752,800
Mr. Fung Chiu Chak, Victor	59,237,600	—	—	59,237,600
Mr. David Chien	98,021,020	—	—	98,021,020
Miss Jennifer Kwok	16,500,000	—	—	16,500,000
Mr. Chiu Chin Hung	5,000,000	—	—	5,000,000
Mr. Wong Kay	10,765,000	—	—	10,765,000
Mr. Tse Man Bun	442,000	—	—	442,000

(ii) *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	—	5,100,000 ⁽³⁾	5,100,000
	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 controlled by Mr. Fung Chiu Chak, Victor.

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 5 per cent. 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:

Interests in Shares

Name	Number of Shares held	Percentage of the issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	20.45
Eastern Glory Development Limited ⁽²⁾	171,237,000	20.45
Goldcrest Enterprises Limited ⁽²⁾	171,237,000	20.45
Bofield Holdings Limited ⁽²⁾	171,237,000	20.45
Long Billion International Limited	85,088,000	10.16

Notes:

- (1) The above interest of Power Link Investments Limited has also been disclosed as corporate interest of Mr. Francis Cheung in the section headed “Interests and short positions of the Directors in the Company and its associated corporations” above.
- (2) These parties were deemed to have interests in 171,237,000 Shares by virtue of their equity interests in Power Link Investments 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 5 per cent. 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.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contracts with the Group.

4. INTEREST IN ASSETS AND CONTRACTS

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.

5. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice or opinion in this circular or contained in this circular:

Name	Qualifications
Vigers	Registered Professional Surveyors

Vigers has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Vigers was not beneficially interested in the share capital of any member of the Group nor did they have any rights or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or any interest, either direct or indirect, in any assets which have been, since 31 March 2006, the date to which the latest published audited consolidated financial statements of the Group were made up, 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.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, had been entered into by member of the Group, within two years immediately preceding the date of this circular which may be material:

- (1) An agreement dated 7 June 2007 entered into between Faithmark Investments Limited, a wholly-owned subsidiary of the Group, as vendor and Vizzone Philippa Ann as purchaser in relation to the disposal of a residential property in Hong Kong for a consideration of HK\$40,000,000, further details of the transaction concerned can be found in the Circular of the Company to the Shareholders dated 15 May 2007.
- (2) An agreement dated 19 July 2007 entered into between Young Post International Limited as vendor and Classic Wealth Limited, a wholly-owned subsidiary of the Group, as purchaser in relation to the acquisition of an office premises for a consideration of HK\$131,892,120, further details of the transaction concerned can be found in the Circular of the Company to the Shareholders dated 24 July 2007.
- (3) An agreement dated 29 October 2007 entered into between Great Regent Investments Limited, a wholly-owned subsidiary of the Group, as tenant and Land Smart Development Limited as landlord in relation to the renewal of a lease for an office in Shanghai at about HK\$158,402 per month. Land Smart Development Limited is owned as to 50 per cent. by Mr. David Chien, a Director and further details of the transaction can be found in an announcement of the Company dated 29 October 2007.
- (4) The Confirmation Agreement.

7. LITIGATION

As 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.

8. PROCEDURES FOR 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 Shares conferring that right.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the substantial Shareholders or other connected persons of the Company has any material interest in the Acquisition and accordingly none of them will be required to abstain from voting at the SGM.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 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 and the Company Secretary of the Company is Mr. Chan Kit Yan. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (d) 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.

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

10. DOCUMENT AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:30 p.m. (save for Saturdays 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 13 February 2007 (except public holidays):

- (a) the memorandum and articles of association of the Company;
- (b) copies of contracts as disclosed under the section headed “Material contracts” in this appendix;
- (c) the circulars of the Company dated 15 May 2007 and 24 July 2007.
- (d) the valuation report issued by Vigers on the Property as set out in Appendix II to this circular;
- (e) the written consent given by Vigers referred to in the section headed “Expert and consent” in this appendix; and
- (f) the audited financial statements of the Group for the two years ended 31 March 2007.

NOTICE OF THE SPECIAL GENERAL MEETING



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 at 10:00 a.m. on Thursday, 14 February 2008 for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“THAT:-

- (1) The Confirmation Agreement (as defined and described in the Circular to the shareholders of the Company dated 28 January 2008 and a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (2) The execution of the Confirmation Agreement for and on behalf of Sparkle Key Limited, a wholly-owned subsidiary of the Company, by Mr. Wong Kay be and is hereby approved, confirmed and ratified; and
- (3) Any one of the directors of the Company be and is hereby authorized to do all such further acts and things and execute such further documents and take all steps which in his/her opinion may be necessary, desirable or expedient to implement and/or to give effect to the Confirmation Agreement and the transactions contemplated thereunder with any revisions, amendments or changes as such director may consider necessary, desirable or expedient, and that where necessary, the Seal of the Company and such of the subsidiaries of the Company concerned may be applied to any of the aforesaid documents in the presence of or at the direction of such director.”

By Order of the Board of Directors of
Tysan Holdings Limited
Francis Cheung
Chairman

Hong Kong, 28 January 2008

NOTICE OF THE SPECIAL GENERAL MEETING

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 proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. A recognized clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “Clearing House”), being a member of the Company, may authorize 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 authorized.
3. A form of proxy for use in connection with the meeting is enclosed herewith.
4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company’s head office and principal place of business in Hong Kong at 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
5. Completion and return of the accompanying form of proxy will not preclude members from attending and voting in person at the meeting (or any adjournment thereof) should they so wish.