TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

The Board of Directors (the "Board") of Tysan Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 together with the comparative figures for the year ended 31 March 2010 as follows:

Consolidated Income Statement

	Notes	**2011** *HK$'000*	**2010** *HK$'000*
REVENUE	2	2,659,768	2,134,517
Cost of sales		(2,065,992)	(1,415,300)
Gross profit		593,776	719,217
Other income and gains	3	188,267	30,754
Selling expenses		(18,847)	(18,884)
Administrative expenses		(51,698)	(43,475)
Changes in fair value of investment properties		17,899	71,840
Other expenses, net		(11,380)	(5,200)
Finance costs	4	(10,364)	(11,721)
Share of profits of associates		4,318	277
PROFIT BEFORE TAX	5	711,971	742,808
Income tax expense	6	(295,587)	(353,860)
PROFIT FOR THE YEAR		416,384	388,948
Attributable to:			
Ordinary equity holders of the Company		373,441	271,424
Non-controlling interests		42,943	117,524
		416,384	388,948
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK43.84 cents	HK32.34 cents
Diluted		HK43.48 cents	HK32.09 cents

Details of the dividends are disclosed in note 7 to the announcement.

Consolidated Statement of Comprehensive Income

	2011 *HK$'000*	2010 *HK$'000*
PROFIT FOR THE YEAR	416,384	388,948
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of financial statements of overseas subsidiaries	79,002	16,203
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	79,002	16,203
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	495,386	405,151
Attributable to:		
Ordinary equity holders of the Company	434,280	280,361
Non-controlling interests	61,106	124,790
	495,386	405,151

Consolidated Statement of Financial Position

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		305,823	284,777	282,686
Investment properties		411,464	1,258,540	1,206,160
Properties under development		275,574	346,769	309,862
Deposits paid		388,037	353,514	348,835
Interests in associates		30,348	19,632	—
Other assets		1,090	1,020	1,000
Deferred tax assets		100,146	63,071	29,051
Restricted cash		—	22,836	—
Total non-current assets		1,512,482	2,350,159	2,177,594
CURRENT ASSETS				
Properties under development		281,762	265,888	270,374
Investments at fair value through profit or loss		122,933	4,002	2,501
Inventories		11,624	25,910	31,283
Properties held for sale		439,569	197,649	473,876
Amounts due from customers for contract works		88,407	92,639	53,818
Trade receivables	9	454,734	397,441	300,165
Other receivables, prepayments and deposits		48,348	54,167	30,958
Derivative financial instruments		87	12	—
Tax prepaid		5,320	7,403	7,035
Time deposits		788,527	952,375	96,477
Restricted cash		56,286	91,344	56,675
Cash and bank balances		321,484	396,865	125,416
Total current assets		2,619,081	2,485,695	1,448,578
CURRENT LIABILITIES				
Trade payables and accruals	10	480,959	376,529	406,904
Other payables, deposits received and receipts in advance		163,652	38,012	55,304
Derivative financial instruments		26	293	—
Amounts due to customers for contract works		224,428	201,434	132,106
Deposits received		173,482	438,315	34,853
Interest-bearing bank borrowings		128,382	400,153	521,056
Tax payable		473,502	420,440	144,464
Total current liabilities		1,644,431	1,875,176	1,294,687
NET CURRENT ASSETS		974,650	610,519	153,891
TOTAL ASSETS LESS CURRENT LIABILITIES		2,487,132	2,960,678	2,331,485

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,487,132	2,960,678	2,331,485
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings		332,332	304,622	118,374
Derivative financial instruments		5,821	1,453	—
Loan from an associate		24,560	24,560	—
Deferred tax liabilities		195,004	345,027	278,419
Total non-current liabilities		557,717	675,662	396,793
Net assets		1,929,415	2,285,016	1,934,692
EQUITY				
Equity attributable to ordinary equity holders of the Company				
Issued capital		87,011	84,531	83,821
Reserves		1,812,207	1,389,611	1,127,257
		1,899,218	1,474,142	1,211,078
Non-controlling interests		30,197	810,874	723,614
Total equity		1,929,415	2,285,016	1,934,692

Notes:

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

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Right Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, HK Interpretation 4 (Revised in December 2009) and HK Interpretation 5, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(1) HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(2) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cashflow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

  Amendment to HK Interpretation 4 *Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 *Leases* included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this Interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

  The Group has reassessed its leases in Hong Kong, previously classified as operating leases, upon the adoption of the amendments. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under "prepaid land lease payments" to finance leases under "property, plant and equipment". The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2011	**2010**
	HK$'000	*HK$'000*
Consolidated income statement for the year ended 31 March		
Decrease in amortisation of prepaid land lease payments	(2,780)	(2,781)
Increase in depreciation of property, plant and equipment	2,780	2,781
	—	—
Consolidated statement of financial position at 31 March		
Decrease in prepaid land lease payments, net	(100,786)	(103,566)
Increase in property, plant and equipment, net	100,786	103,566
	—	—

	HK$'000
Consolidated statement of financial position at 1 April 2009	
Decrease in prepaid land lease payments, net	(106,347)
Increase in property, plant and equipment, net	106,347
	—

(3) HK Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. Prior to the adoption of this interpretation, the Group's term loan was classified in the statement of financial position as a non-current liability based on the maturity date of repayment.

The above change has had no effect on the consolidated income statement. The effect on the consolidated statement of financial position is summarised as follows:

	31 March 2011	**31 March 2010**	**1 April 2009**
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Increase in interest-bearing bank borrowings	20,582	205,616	124,205
Non-current liabilities			
Decrease in interest-bearing bank borrowings	(20,582)	(205,616)	(124,205)

There was no impact on the net assets of the Group.

The amendment to HKAS 17 and HK Interpretation 5 have been applied by the Group retrospectively and comparative amounts have been restated. In addition, as a result of this change and as required by HKAS 1 *Presentation of Financial Statements*, these financial statements also include a consolidated statement of financial position as at 1 April 2009.

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

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [1] Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting standards - Severe Hyperflation and Removal of Fixed Dates for First-time Adopters*[3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [3]
HKFRS 9	*Financial Instruments* [5]
HKAS 12 Amendment	Amendment to HKAS 12 *Income Taxes – Deferred Tax : Recovery of Underlying Assets* [4]
HKAS 24 (Revised)	*Related Party Disclosures* [2]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 2013

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

2. OPERATING SEGMENT INFORMATION

	Foundation piling	E&M engineering and building construction	Machinery leasing and trading	Property investment and management	Property development	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2011							
Segment revenue	1,852,870	28,688	12,386	74,724	691,100	—	2,659,768
Segment results	150,364	4,797	(2,910)	187,513	414,812	(49,618)	704,958
Interest income							12,946
Dividend income from listed investments							113
Finance costs							(10,364)
Share of profits of associates							4,318
Profit before tax							711,971
Income tax expense							(295,587)
Profit for the year							416,384

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

Geographical information

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	1,883,427	967,682	11,093	10,774	765,248	1,156,061	2,659,768	2,134,517

3. OTHER INCOME AND GAINS

	2011	2010
	HK$'000	*HK$'000*
Interest income	12,946	1,301
Insurance claims	1,042	993
Gain on disposal and write-off of items of property, plant and equipment	2,474	12,098
Gain on disposal of investment properties	524	7,598
Gain on disposal of subsidiaries, net	155,924	—
Fair value gains on investments at fair value through profit of loss	71	1,501
Subsidy income*	404	3,224
Foreign exchange gains, net	2,943	394
Management service income	8,094	480
Dividend income from listed investments	113	94
Others	3,732	3,071
	188,267	30,754

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

4. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts:		
– wholly repayable within five years	9,787	12,641
– wholly repayable over five years	577	—
Less: Interest capitalised in properties under development	—	(920)
	10,364	11,721

5. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Depreciation	52,751	46,997
Impairment of trade receivables	—	140
Write-down/(reversal of write-down) of inventories to net realisable value	95	(21)
Gain on disposal and write-off of items of property, plant and equipment	(2,474)	(12,098)
Gain on disposal of investment properties	(524)	(7,598)
Loss/(gain) on disposal of subsidiaries, net	(155,924)	143
Fair value losses/(gains), net:		
Investments at fair value through profit or loss	(71)	(1,501)
Derivative instruments - transaction not qualifying as hedge	8,527	2,135
Impairment of an amount due from an associate	20	10
Dividend income from listed investments	(113)	(94)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere in the PRC have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	2011	2010
	HK$'000	*HK$'000*
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	11,913	8,520
Elsewhere	261,255	313,971
	273,168	322,491
Underprovision in the prior years:		
PRC:		
Hong Kong	—	463
Elsewhere	27	40
	27	503
Deferred tax	22,392	30,866
Total tax charge for the year	295,587	353,860

7. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2010 – HK3.0 cents per ordinary share (year ended 31 March 2009: HK1.5 cents per ordinary share)	25,472	12,573
Interim – HK2.0 cents (2010: HK1.5 cents)	17,048	12,588
	42,520	25,161
Proposed final dividend:		
Final – HK4.0 cents (2010: HK3.0 cents) per ordinary share	34,805	25,359

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

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$373,441,000 (2010: HK$271,424,000), and the weighted average number of 851,831,519 (2010: 839,191,793) ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 March 2011 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$373,441,000 (2010: HK$271,424,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year of 7,109,377 (2010: 6,582,678).

9. TRADE RECEIVABLES

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

	2011	2010
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	309,538	282,348
91 to 180 days	1,715	1,759
181 to 360 days	3,294	1,643
Over 360 days	875	32
	315,422	285,782
Retention receivables	139,312	111,659
	454,734	397,441

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

10. TRADE PAYABLES AND ACCRUALS

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

	2011	2010
	HK$'000	*HK$'000*
Trade payables:		
Within 30 days	173,630	98,525
31 to 90 days	3,407	3,718
91 to 180 days	203	481
Over 180 days	7,753	10,168
	184,993	112,892
Retention payables	105,250	112,894
Accruals	190,716	150,743
	480,959	376,529

11. CONTINGENT LIABILITIES

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

	2011	2010
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds	175,691	135,154

12. COMMITMENTS

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000
(a) Capital expenditure		
Authorised, but not contracted for	—	9,798
Contracted, but not provided for	196,194	52,563
	196,194	62,361
(b) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	11,231	8,724
In the second to fifth years, inclusive	10,711	5,868
	21,942	14,592

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK$153,763,000 as at 31 March 2011 (31 March 2010: HK$226,952,000).

13. DISPOSAL OF SUBSIDIARIES

(a) **Disposal of subsidiaries**

On 12 June 2010, Tianjin Development Company Limited ("TDC"), a non wholly-owned subsidiary of the Company, Stonehill Limited ("Stonehill"), a wholly-owned subsidiary of the Company, and Tian An (Tianjin) Investment Company Limited, a third party, entered into a disposal agreement to dispose of all of their equity interest in and the rights and benefits in the shareholders' loan to Consco Investment Company Limited ("Consco"), a non wholly-owned subsidiary of the Company, and its subsidiary, Tianjin International Building Company Limited, to an independent third party. The consideration for the disposal was approximately HK$885 million, of which a total of HK$609 million were received by TDC and Stonehill (the "Disposal"). The disposal was completed on 29 October 2010.

The principal business of Consco and its subsidiary is property investment. An announcement and a circular were made on 22 June 2010 and 28 July 2010, respectively, on the Disposal.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	6,437
Investment properties	889,200
Inventories	833
Trade receivables	1,759
Other receivables, prepayments and deposits	907
Time deposits	48,168
Cash and bank balances	21,286
Other payables and deposits received	(28,317)
Tax payable	(749)
Deferred tax liabilities	(209,753)
Loans from the Group	(157,098)
Loan from a non-controlling shareholder	(71,409)
Non-controlling interests	(163,526)
	337,738
Release of exchange fluctuation reserve	(64,531)
Release of difference between consideration and the carrying value of non-controlling interest acquired recognised in equity	22,019
	295,226
Loan assigned	157,098
Gain on disposal of subsidiaries	156,469
	608,793
Satisfied by:	
Cash consideration	608,793

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	608,793
Cash and bank balances disposed of	(69,454)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	539,339

(b) **Disposal of subsidiaries and deemed acquisition of associates**

(i) On 22 September 2010, the Group disposed of 10% interest in and the rights and benefits in the shareholders' loan of HK$200,000 to Tysan Trading Company Limited ("TTCL") at a total cash consideration of HK$776,000. TTCL and its subsidiaries (the "TTCL Group") are principally engaged in general trading. Immediately after the disposal, the Group's interest in TTCL reduced to 40% and the TTCL Group became associates of the Group.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	199
Inventories	13,828
Trade receivables	666
Other receivables, prepayments and deposits	1,808
Cash and bank balances	6,734
Trade payables and accruals	(4,029)
Other payables and deposits received	(409)
Amount due to fellow subsidiaries	(4,058)
Tax payable	(1,529)
Loans from the Group	(1,000)
Loan from non-controlling shareholders	(1,000)
Non-controlling interests	(5,605)
	5,605
Loan assigned	200
Loss on disposal of subsidiaries	(545)
	5,260
Satisfied by:	
Deemed acquisition of associates	4,484
Cash consideration	776
	5,260

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash consideration	776
Cash and bank balances disposed of	(6,734)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(5,958)

14. Acquisition of non-controlling interests

On 15 November 2010, a wholly-owned subsidiary of the Company, Duncan Properties Limited, entered into a sale and purchase agreement with non-controlling equity holders (the "Vendors") of each of then 60%-owned subsidiaries, (a) China Garden International Limited and its subsidiary, Shanghai China Garden International Real Estate Development & Management Company Limited, (b) Allbright Investment Limited and its subsidiaries, Red Shine Investment Limited and Shanghai Duncan Property Consulting Company Limited, (c) Ironwood Pacific Limited and its subsidiary, Hiat Investment Limited, (d) Federated Resources Limited and its subsidiaries, Carriway Limited and Shanghai Changning Duncan Property Development Company Limited, and (e) Beneficial Enterprises Limited and its subsidiaries, Fund House Limited, Duncan Property Management (Shanghai) Company Limited and Bestful Consultants Limited, (collectively known as "Then 60%-owned Subsidiaries") to acquire from the Vendors 40% equity interest in and the rights and benefits in the shareholders' loans of HK$94,087,000 in aggregate to the Then 60%-owned Subsidiaries for the total cash consideration of HK$300,000,000, being the total of the shares consideration and the debt consideration. Since the Vendors held 20% equity interest of Tysan Land (Shanghai) Limited ("Tysan Land") through Then 60%-owned Subsidiaries, the Group also acquired 20% equity interest of Tysan Land through the acquisition. The acquisition was completed on 18 January 2011. Up to 31 March 2011, consideration of HK$150,000,000 was paid and the remaining consideration of HK$150,000,000 was included in other payable. Such acquisition was accounted for as an equity transaction. Accordingly, the credit difference of HK$75,654,000 between the total consideration of HK$300,000,000 and aggregate amounts of the carrying amount of non-controlling interests, of HK$281,567,000 and the loans from non-controlling shareholding of HK$94,087,000 was recorded in the retained profits in the equity.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.04 (2009/10: HK$0.03) per share to shareholders whose names appear on the Company's register of members on 3 August 2011. Together with the interim dividend of HK$0.02 (2009/10: HK$0.015), the total annual dividend will amount to HK$0.06 (2009/10: HK$0.045). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on or before 19 August 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 August 2011 to 3 August 2011 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attending the forthcoming annual general meeting and for entitlement to the proposed final dividend for the year ended 31 March 2011, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 29 July 2011.

BUSINESS REVIEW

Hong Kong Market

Being the first stage of construction process, the foundation industry has started to benefit from the massive infrastructure projects which have just commenced. It is estimated that the government capital expenditure on infrastructure will reach a record of HK$58 billion in fiscal year 2011-2012 and the annual spending will continue to be over HK$60 billion as the 10 major infrastructure projects rolled out over the next few years. These projects include the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, and the Kai Tak Development Plan.

Foundation Piling

The Group's foundation division achieved very satisfactory results during the year with turnover being doubled to HK$1,853 million while net contribution increased by 58% to HK$150 million. More than 50% of the Group's contracts during the year under review were from the public sector. The Group's major contracts on hand include, inter alia, Express Rail Link, Sun Hung Kai's project in Yuen Long Area 15 and MTR South Island Line Contract 903. The Group is confident in the outlook of the industry and its order book.

Other Construction Related Sectors

During the year, the electrical and mechanical engineering division recorded a turnover of HK$29 million and a contribution of approximately HK$2 million while the contribution from the Group's building construction business was approximately HK$5 million. The Group expects the divisions to yield stable returns.

The machinery hiring and trading division recorded a turnover of HK$12 million but incurred a loss of HK$3 million as the pricing in the market continued to be very competitive during the year under review. With the growing demand from the construction industry, the Group expects the division to breakeven in the coming year.

PRC Market

Shanghai, Tianjin and Shenyang, the three cities where the Group's property projects are located, continue to rank among the highest growth cities in China. In 2010, China's GDP grew 10.3% to over Rmb39,798 billion with a per capita GDP of Rmb29,700. Shanghai recorded a GDP growth of 9.9% to Rmb1,687 billion with a per capita GDP of Rmb87,816. Tianjin experienced a GDP growth of 17.4% to Rmb911 billion with a per capita GDP of Rmb74,166 while Shenyang achieved a GDP growth of 14.1% to Rmb502 billion with a per capita GDP of Rmb63,667 in 2010.

Property Investment and Management

On 12 June 2010, the Group entered into a disposal agreement to sell all its interests in Tianjin International Building. The subject sale was completed on 29 October 2010 and the Group received a net cash flow of over HK$400 million and achieved a profit of HK$156 million which was reflected in this financial year. In view of the coming surge in new supply of grade A commercial properties in Tianjin, the Group decided it was the appropriate time to divest this investment. The disposal enabled the Group to increase its working capital and investment potential which in turn improves the liquidity and strengthens the overall financial position of the Group.

To consolidate its interests in various properties, the Group entered into a sale and purchase agreement on 15 November 2010 to acquire the remaining non-controlling interests of three property investments in Shanghai namely China Garden, Aidu Apartments and The Waterfront for a consideration of approximately HK$300 million. Upon completion, the Group would wholly-own and enjoy all contribution derived from such properties.

Turnover of the property investment division during the year under review amounted to HK$75 million while net contribution (excluding revaluation and disposal gain) was approximately HK$13 million.

Property Development

The Waterfront

For the year under review, the Group's residential project in Shanghai, The Waterfront, recognized HK$691 million as revenues while contribution to profit amounted to HK$415 million as compared to revenues of HK$1.05 billion and profit of HK$589 million last year. The improved margin was mainly due to the increase in selling price as a reflection of market recognition of the project. Based on the latest selling price of the project, the remaining unsold area of the development is estimated to be worth over HK$1.5 billion. The recent tightening measures of the government did affect the overall transaction volume in the market but for quality projects, the price remains unyielding.

The Riverside

The Group launched the pre-sale of 2 towers of The Riverside, a downtown residential development along the Haihe river in Tianjin, comprises 6 blocks of 30-storey towers with a total GFA of approximately 75,000 sqm, in December 2010. Against a backdrop of cooling measures and restrictions, the response of the pre-sale was satisfactory. The revenues and profits of the pre-sale will be recorded in the financial year ending 31 March 2013.

Shenyang Project

The site in Shenyang is located at Huanggu District with a site area of about 41,340 sqm and a GFA of approximately 165,000 sqm and will comprise of both residential and commercial development. The project is in the final stage of planning and the Group expects foundation work to commence later this year. The Group is confident in its property team and believes the success models in Shanghai and Tianjin can be repeated in Shenyang.

PROSPECTS

With the Hong Kong government embarking on its massive infrastructure projects which include, inter alia, the Express Rail Link, Hong Kong Macau Zhuhai Bridge, Shatin Central Link and South Island Link on one hand and the increase in public housing construction, private sector developments and major Urban Renewal projects on the other, the outlook of the foundation industry is buoyant. The Group, being a leader in the foundation industry, is confident that it will capture such uprising opportunities.

In view of such favourable outlook and the track record of its foundation business, the Group, as stated in its announcement dated 29 April 2011, is considering the possibility of spinning off its foundation business and separately listing it on the Main Board of the Stock Exchange. Under Practice Note 15 of the Listing Rules, the potential spin-off would require the prior approval of the Listing Committee of the Stock Exchange. The Group has appointed a financial adviser to review and advise on such matter.

As the world economy becomes more intertwined, economic measures enacted in one country may lead to devastating consequences in other nations. A very loose monetary policy, as in the case of QE2, results in runaway inflation in other parts of the world but an over aggressive tightening policy may choke economic rebound. While the global economy is dealing with the aftermath of the financial turmoil and each country is trying to resolve its own problems, China has proactively taken fiscal and monetary precautionary measures to guard against what possibly lies ahead. With its existing foreign exchange policy and economic growth and size, China is relatively insulated from global economic forces. To avoid economic bubble, the central government reined China's economy through a series of tightening policy measures including currency revaluation, interest rate hikes and tightening money supply to drive away unacceptable inflation. Such policies will slowdown China's property market in the immediate term but the Group believes it is beneficial to the long term growth and sustainability of the property market. To ride through such economic wave, the Group is strategically prepared and equipped through the combination of reasonable cash level, low gearing, solid income stream from its foundation business and a landbank of GFA exceeding 250,000 sqm.

All in all, the Group believes that both its foundation business and property development business are on solid ground and is cautiously optimistic about the overall prospects. To cater for future expansion and to enhance its property investment portfolio, the Group entered into an agreement on 15 March 2011 to purchase the whole floor of 20th Floor, One Island South located at 2 Heung Yip Road, Wong Chuk Hang with a gross floor area of about 30,000 square feet for a consideration of approximately HK$203 million. The Group expects to grow at a balanced pace and will continue to seek for opportunities to maximize the interests of its shareholders.

FINANCIAL REVIEW

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 March 2011, the Group's cash on hand was approximately HK$1,166 million (31 March 2010: HK$1,463 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$4,132 million (31 March 2010: HK$4,836 million) and HK$1,899 million (31 March 2010: HK$1,474 million) respectively. As at 31 March 2011, the Group's working capital amounted to HK$975 million.

As at 31 March 2011, the Group did not have any net debt gearing and recorded a net cash balance of HK$706 million while there was a net cash balance of HK$759 million as at 31 March 2010. Contingent liabilities in relation to guarantees of performance bonds increased from HK$135 million as at 31 March 2010 to HK$176 million as at 31 March 2011. Certain of the Group's assets with a book value of approximately HK$161 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars while Euro loan facilities have also been arranged. Currency exposure in Euro borrowings has been monitored by entering Euro forward contracts when the need arises.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,228 employees as at 31 March 2011. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance to the terms of the Group's approved share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICE

In the opinion of the directors, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2011 except for the following deviations:

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

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

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

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

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2011.

AUDIT COMMITTEE

The Group's Audit Committee has adopted new terms of reference in 2009 in order to comply with the requirements of the code provisions of the Code. The Group's Audit Committee comprises three members, namely, Mr. Fan Chor Ho Paul, Mr. Tse Man Bun and Mr. Lung Chee Ming George, who are independent non-executive directors of the Company. The Group's Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the Group's audited financial statements for the year ended 31 March 2011.

APPRECIATION

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

On behalf of the Board
FRANCIS CHEUNG
Chairman

Hong Kong, 15 June 2011

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

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