TYSAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 687)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2012

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 2012 together with the comparative figures for the year ended 31 March 2011 as follows:

Consolidated Income Statement

	Notes	**2012** *HK$'000*	**2011** *HK$'000*
REVENUE	2	2,348,342	2,659,768
Cost of sales		(2,132,623)	(2,065,992)
Gross profit		215,719	593,776
Other income and gains	3	31,495	188,267
Selling expenses		(19,715)	(18,847)
Administrative expenses		(55,931)	(51,698)
Changes in fair value of investment properties		28,800	17,899
Other expenses, net		(27,850)	(11,380)
Finance costs	4	(8,813)	(10,364)
Share of profits of associates		4,756	4,318
PROFIT BEFORE TAX	5	168,461	711,971
Income tax expense	6	(79,926)	(295,587)
PROFIT FOR THE YEAR		88,535	416,384
Attributable to:			
Ordinary equity holders of the Company		97,648	373,441
Non-controlling interests		(9,113)	42,943
		88,535	416,384
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK11.20 cents	HK43.84 cents
Diluted		HK11.19 cents	HK43.48 cents

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

Consolidated Statement of Comprehensive Income

	2012	2011
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	88,535	416,384
OTHER COMPREHENSIVE INCOME		
Exchange difference on translation of foreign operations	64,049	79,002
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	64,049	79,002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	152,584	495,386
Attributable to:		
Ordinary equity holders of the Company	160,775	434,280
Non-controlling interests	(8,191)	61,106
	152,584	495,386

Consolidated Statement of Financial Position

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		446,323	305,823
Investment properties		455,590	411,464
Properties under development		846,256	275,574
Deposits paid		9,427	388,037
Interests in associates		40,978	30,348
Other assets		1,120	1,090
Deferred tax assets		99,980	100,146
Total non-current assets		1,899,674	1,512,482
CURRENT ASSETS			
Properties under development		401,499	281,762
Investments at fair value through profit or loss		3,282	122,933
Inventories		21,388	11,624
Properties held for sale		466,250	439,569
Amounts due from customers for contract works		147,416	88,407
Trade receivables	9	430,072	454,734
Other receivables, prepayments and deposits		62,576	48,348
Derivative financial instruments		110	87
Tax prepaid		13,777	5,320
Time deposits		208,248	788,527
Restricted cash		79,621	56,286
Cash and bank balances		275,816	321,484
		2,110,055	2,619,081
Non-current asset classified as held for sale	10	120,794	—
Total current assets		2,230,849	2,619,081
CURRENT LIABILITIES			
Trade payables and accruals	11	485,880	480,959
Other payables, deposits received and receipts in advance		45,994	163,652
Derivative financial instruments		140	26
Amounts due to customers for contract works		184,099	224,428
Deposits received		326,713	173,482
Interest-bearing bank borrowings		231,452	128,382
Tax payable		207,995	473,502
Total current liabilities		1,482,273	1,644,431
NET CURRENT ASSETS		748,576	974,650
TOTAL ASSETS LESS CURRENT LIABILITIES		2,648,250	2,487,132

Consolidated Statement of Financial Position (continued)

	2012	2011
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	2,648,250	2,487,132
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	366,826	332,332
Derivative financial instruments	11,006	5,821
Loan from an associate	24,560	24,560
Deferred tax liabilities	210,120	195,004
Total non-current liabilities	612,512	557,717
Net assets	2,035,738	1,929,415
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	87,266	87,011
Reserves	1,927,261	1,812,207
	2,014,527	1,899,218
Non-controlling interests	21,211	30,197
Total equity	2,035,738	1,929,415

Notes:

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

(a) The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current year's 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*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(i) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

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

(a) (continued)

(ii) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

1. **IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)**

(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 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*[4]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]
Annual Improvements Project	Annual Improvements to HKFRSs 2009-2011 Cycle[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

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 any significant impact on its results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

2012	Foundation piling HK$'000	E&M engineering and building construction HK$'000	Machinery leasing and trading HK$'000	Property investment and management HK$'000	Property development HK$'000	Unallocated HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment revenue:								
Sales to external customers	2,219,025	9,620	22,834	31,896	64,967	—	—	2,348,342
Intersegment sales	—	1,063	866	—	—	—	(1,929)	—
Total	2,219,025	10,683	23,700	31,896	64,967	—	(1,929)	2,348,342
Segment results	236,036	157	(843)	26,610	(22,546)	(87,197)	—	152,217
Interest income								20,159
Dividend income from listed investments								142
Finance costs								(8,813)
Share of profits of associates								4,756
Profit before tax								168,461
Income tax expense								(79,926)
Profit for the year								88,535

2012	Foundation piling HK$'000	E&M engineering and building construction HK$'000	Machinery leasing and trading HK$'000	Property investment and management HK$'000	Property development HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets and liabilities							
Segment assets	870,775	52,975	37,542	654,986	1,951,092	563,153	4,130,523
Segment liabilities	516,783	46,973	1,715	44,289	442,965	1,042,060	2,094,785
Other segment information:							
Depreciation	44,857	25	4,093	3,015	2,211	10,628	64,829
Impairment of trade receivables	—	—	—	2,876	—	—	2,876
Recovery of trade receivables written off in prior years	—	—	(102)	—	—	—	(102)
Write-back of impairment of other assets	—	—	—	—	—	(30)	(30)
Write-down of inventories to net realisable value	—	—	29	—	—	—	29
Loss/(gain) on disposal and write-off of items of property, plant and equipment	(306)	—	(700)	586	4	(50)	(466)
Gain on disposal of investment properties	—	—	—	(27)	—	—	(27)
Changes in fair value of investment properties	—	—	—	(28,800)	—	—	(28,800)
Loss/(gain) on disposal of subsidiaries, net	—	—	—	—	—	—	—
Capital expenditure in respect of property, plant and equipment	88,975	—	15,684	2,281	6,204	213,302	326,446
Capital expenditure in respect of investment properties	—	—	—	—	—	—	—

2. OPERATING SEGMENT INFORMATION (continued)

2011	Foundation piling	E&M engineering and building construction	Machinery leasing and trading	Property investment and management	Property development	Unallocated	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	1,852,870	28,688	12,386	74,724	691,100	—	—	2,659,768
Intersegment sales	—	1,017	—	—	—	—	(1,017)	—
Total	1,852,870	29,705	12,386	74,724	691,100	—	(1,017)	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

2011	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*
Assets and liabilities							
Segment assets	710,914	61,552	24,989	536,645	1,612,632	1,184,831	4,131,563
Segment liabilities	492,506	74,785	2,920	66,229	419,091	1,146,617	2,202,148
Other segment information:							
Depreciation	39,397	31	2,467	3,914	1,125	5,817	52,751
Impairment of trade receivables	—	—	—	—	—	—	—
Recovery of trade receivables written off in prior years	—	—	—	—	—	—	—
Write-back of impairment of other assets	—	—	—	—	—	(70)	(70)
Write-down of inventories to net realisable value	—	—	95	—	—	—	95
Loss/(gain) on disposal and write-off of items of property, plant and equipment	(117)	—	(2,351)	26	(32)	—	(2,474)
Gain on disposal of investment properties	—	—	—	(524)	—	—	(524)
Changes in fair value of investment properties	—	—	—	(17,899)	—	—	(17,899)
Loss/(gain) on disposal of subsidiaries, net	—	—	—	(156,469)	—	545	(155,924)
Capital expenditure in respect of property, plant and equipment	65,954	13	7,285	3,750	2,041	1,645	80,688
Capital expenditure in respect of investment properties	—	—	—	4,135	—	—	4,135

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Hong Kong		Macau		Elsewhere in the People's Republic of China (the "PRC")		Consolidated	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue:								
Sales to external customers	2,252,055	1,883,427	—	11,093	96,287	765,248	2,348,342	2,659,768

The revenue information above is based on location of the customers.

(b) Non-current assets

	Hong Kong		Macau		Elsewhere in the PRC		Consolidated	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	505,967	367,048	93	1	1,293,634	1,045,287	1,799,694	1,412,336

The non-current assets information above is based on location of the assets and excludes deferred tax assets.

3. OTHER INCOME AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Interest income	20,159	12,946
Insurance claims	—	1,042
Gain on disposal and write-off of items of property, plant and equipment	466	2,474
Gain on disposal of investment properties	27	524
Gain on disposal of subsidiaries, net	—	155,924
Subsidy income*	2,688	404
Fair value gains on investments at fair value through profit or loss, net	—	71
Foreign exchange gains, net	2,052	2,943
Management service income	1,562	8,094
Dividend income from listed investments	142	113
Others	4,399	3,732
	31,495	188,267

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

4. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts:		
– wholly repayable within five years	7,048	9,787
– wholly repayable over five years	1,765	577
	8,813	10,364

5. PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Depreciation	64,829	52,751
Impairment of trade receivables	2,876	—
Write-down of inventories to net realisable value	29	95
Gain on disposal and write-off of items of property, plant and equipment	(466)	(2,474)
Gain on disposal of investment properties	(27)	(524)
Gain on disposal of subsidiaries, net	—	(155,924)
Fair value losses/(gains), net:		
Investments at fair value through profit or loss	901	(71)
Derivative instruments - transaction not qualifying as hedge	9,700	8,527
Impairment of an amount due from an associate	33	20
Dividend income from listed investments	(142)	(113)

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	HK$'000	*HK$'000*
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	30,014	11,913
Elsewhere	19,695	261,255
	49,709	273,168
Underprovision in the prior years:		
PRC:		
Hong Kong	6	—
Elsewhere	22,137	27
	22,143	27
Deferred tax	8,074	22,392
Total tax charge for the year	79,926	295,587

7. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 March 2011 – HK4.0 cents (year ended 31 March 2010: HK3.0 cents) per ordinary share	34,891	25,472
Interim – HK1.5 cents (2011: HK2.0 cents) per ordinary share	13,090	17,048
	47,981	42,520
Proposed final dividend:		
Final – HK4.0 cents (2011: HK4.0 cents) per ordinary share	34,907	34,805

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$97,648,000 (2011: HK$373,441,000), and the weighted average number of ordinary shares of 871,953,882 (2011: 851,831,519) in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 March 2012 is based on the profit for the year attributable to ordinary equity holders of the Company of HK$97,648,000 (2011: HK$373,441,000). 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 share options into ordinary shares during that year of 373,421 (2011: 7,109,377).

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:

	2012	2011
	HK$'000	*HK$'000*
Trade receivables:		
Within 90 days	267,116	309,538
91 to 180 days	1,209	1,715
181 to 360 days	3,149	3,294
Over 360 days	1,830	875
	273,304	315,422
Retention receivables	156,768	139,312
	430,072	454,734

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. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 24 November 2011, the Group entered into a preliminary sales and purchase agreement with an independent third party to sell an owner-occupied property being the whole floor of 11th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong at a total consideration of HK$315,000,000. A formal sale and purchase agreement was signed on 7 December 2011. Deposits of HK$31,500,000 were received during the year ended 31 March 2012.

In accordance with HKFRS 5, the owner-occupied property with a carrying amount of HK$120,794,000 of the Group, was reclassified as non-current asset held for sale. The owner-occupied property was pledged to a bank as security for banking facilities granted to the Group. The disposal of the property was completed subsequent to the end of the reporting period on 31 May 2012.

11. 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:

	2012	2011
	HK$'000	*HK$'000*
Trade payables:		
Within 30 days	167,274	173,630
31 to 90 days	21,341	3,407
91 to 180 days	1,193	203
Over 180 days	1,358	7,753
	191,166	184,993
Retention payables	58,314	105,250
Accruals	236,400	190,716
	485,880	480,959

12. CONTINGENT LIABILITIES

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

	2012	**2011**
	HK$'000	*HK$'000*
Guarantees in respect of performance bonds granted to:		
– subsidiaries	251,598	175,691
– an associate	42,341	18,305
	293,939	193,996

13. COMMITMENTS

	2012	**2011**
	HK$'000	*HK$'000*
(a) Property, plant and equipment		
– contracted, but not provided for	1,782	196,194
(b) Construction works relating to properties under development:		
– contracted, but not provided for	294,112	153,763
– authorised, but not contracted for	300,000	—
	594,112	153,763
(c) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	10,940	11,231
In the second to fifth years, inclusive	3,520	10,711
	14,460	21,942

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.04 (2010/11: HK$0.04) per share to shareholders whose names appear on the Company's register of members on 16 August 2012. An interim dividend of HK$0.015 was paid for the six months ended 30 September 2011 (2010/11: HK$0.02). Subject to shareholders' approval at the forthcoming annual general meeting, the proposed final dividend will be paid on 6 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

(i) from Monday, 6 August, 2012 to Wednesday, 8 August, 2012 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 3 August, 2012; and

(ii) from Tuesday, 14 August, 2012 to Thursday, 16 August, 2012 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Registrars in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 13 August, 2012.

BUSINESS REVIEW

Hong Kong Market

In the fiscal year 2012-13, the government's capital spending on infrastructure will exceed HK$62 billion and is expected to increase to over HK$70 billion per year in 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, the Central-Wan Chai Bypass, the South Island Line and the West Island Line. The Group thus expects the foundation industry to continue to enjoy its buoyancy from such massive infrastructure projects.

Foundation Piling

The Group's foundation division continued to achieve satisfactory results during the year under review. Turnover increased by 20% to HK$2,219 million while net contribution increased by 57% to HK$236 million. More than 80% of the Group's contracts during the year under review were from the private sector. The Group's major contracts on hand include, inter alia, Hong Kong Housing Authority's project in Tung Chung Area 56 and MTR South Island Line Contract 903. The Group believes the outlook of the industry will remain positive.

Other Construction Related Sectors

During the year under review, the electrical and mechanical engineering division recorded a turnover of HK$10 million with breakeven result while the building construction division's contribution to the Group was approximately HK$1 million. The Group expects the divisions to yield stable returns.

The machinery leasing and trading division managed to increase its turnover from HK$12 million to HK$23 million and thereby narrowing its loss to about HK$0.8 million. The Group expects the division to turnaround in the coming year.

PRC Market

Shanghai, Tianjin and Shenyang, the three cities where the Group's property projects are located, continue to rank the highest growth cities in China. In 2011, China's GDP grew 9.2% to over RMB 47,156 billion with a per capita GDP of RMB34,999. Shanghai recorded a GDP growth of 8.2% to RMB 1,920 billion with a per capita GDP of RMB 82,560. Tianjin experienced a GDP growth of 16.4% to RMB 1,119 billion with a per capita GDP of RMB 82,616 while Shenyang achieved a GDP growth of 12.3% to RMB 723 billion with a per capita GDP of RMB 72,637 in 2011.

Property Development

The Waterfront

For the year under review, the Group's residential project in Shanghai, The Waterfront, recognized HK$62 million in revenue as compared to HK$689 million in the previous year. The substantial drop in revenue was expected as the austerity measures enacted, especially the restriction on home purchase, had almost put a complete standstill in the market. However, the Group is prepared to wait for the market rebound and believes the price of the project will remain firm.

The Riverside

The Group launched the pre-sale of 3 towers of The Riverside, a downtown residential development along the Haihe river in Tianjin, comprising 6 blocks of 30-storey towers with a total GFA of approximately 75,000 sqm. The response of the pre-sale was considered satisfactory given the current market situation and revenue of over HK$300 million and related profits will be recognized 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 41,209 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 foundation works will begin upon obtaining the consent for commencement of works.

Property Investment and Management

The Group's investment properties in Shanghai continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the year under review was HK$32 million while the overall valuation increased by HK$29 million. The Group expects both the rental and the occupancy level to remain stable.

PROSPECTS

With the uncertain outcome of the European debt crisis, the austerity measures enacted in China which led to slower economic growth and the leadership change in all major countries, the outlook of Hong Kong's economy is prone to external political and economic environment and thus is unpredictable. Against such backdrop, the Group still believes the prospect of the foundation industry will continue to be promising as the Hong Kong government has already rolled out the massive infrastructure projects and the Macau market has also revitalised. The Group, being a market leader in the foundation industry, will be in good position to capitalize on such opportunities.

In China, the central government's tightening policies on the real estate market is unlikely to undergo any major relaxation and thus will continue to adversely affect the property market in the near term. As the Group has already anticipated the situation, it has prepared and equipped itself with sufficient resources to ride through a possible prolonged winter. The Group will develop its uncompleted projects according to plans and is confident in the long term growth of the property market in China. With low gearing and a PRC land bank of over 250,000 sqm, the Group is well-prepared to weather through the storms.

On 7 December 2011, the Group entered into a sale and purchase agreement to sell its office located at 11th Floor, Harbour Centre, 25 Harbour Road, Hong Kong for a consideration of HK$315 million. The sale was completed on 31 May 2012 and a profit of about HK$192 million was resulted. The profit will be reflected in the coming financial year. To cater for expansion, the Group has relocated to its new office at One Island South in May 2012.

All in all, the Group adopts a prudent investment and financing strategy and believes both its foundation business and property development business are on solid ground. The abovementioned disposal enabled the Group to increase its working capital and investment potential which in turn improves the liquidity and strengthens the Group's overall financial position. The Group's coming voyage will depend on how the storm settles but the overall policy is still to grow at a balanced pace and seek for opportunities to maximize the interests of all 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 2012, the Group's cash on hand was approximately HK$564 million (31 March 2011: HK$1,166 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK$4,131 million (31 March 2011: HK$4,132 million) and HK$2,015 million (31 March 2011: HK$1,899 million), respectively. As at 31 March 2012, the Group's working capital amounted to HK$749 million.

As at 31 March 2012, the Group's net debt balance and net debt to equity (including non-controlling interests) ratio were HK$35 million and 1.7%, respectively. The Group did not have any net debt balance and recorded a net cash balance of HK$706 million as at 31 March 2011. Contingent liabilities in relation to guarantees of performance bonds increased from HK$194 million as at 31 March 2011 to HK$294 million as at 31 March 2012. Certain of the Group's assets with a book value of approximately HK$362 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 and Japanese Yen loan facilities have also been arranged. Currency exposure in Euro borrowings has been monitored by entering Euro forward contracts when the need arises.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries in Hong Kong and the PRC, employed approximately 1,300 employees as at 31 March 2012. 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 CORPORATE GOVERNANCE CODE

In the opinion of the directors of the Company, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2012 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 that 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 of the Company 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 of the Board 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, they all confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2012.

AUDIT COMMITTEE

The Group's Audit Committee revised its terms of reference with effect from 1 April 2012 in line with the recent amendments 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 Committee conducted a review with 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 consolidated results and financial statements for the year ended 31 March 2012.

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, 28 June 2012

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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