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## **TYSAN HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code : 687)**

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011**

The board of directors of Tysan Holdings Limited (the “Company”) (“Board of Directors”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2011. During the period under review, the Group recorded turnover of HK\$1,200 million (30 September 2010: HK\$1,382 million) and achieved profit attributable to ordinary equity holders of the Company of HK\$43 million (30 September 2010: HK\$132 million), representing HK\$0.05 per share (30 September 2010: HK\$0.16 per share).

#### **Hong Kong Market**

##### ***Foundation Piling***

The Group’s foundation division continued to perform well and benefit from the buoyant foundation industry. For the period under review, turnover of the Group’s foundation division increased by 36% to HK\$1,127 million while contribution to profit rose by 75% to HK\$107 million as compared to HK\$61 million in the last corresponding period. The Group’s major contracts on hand include, inter alia, MTR 903, Nan Fung’s project in Tung Chung Town Lot 37 and Sun Hung Kai’s project in CDA Area 15 Yuen Long.

##### ***Other Construction Related Sectors***

During the period under review, turnover of the Group’s electrical and mechanical division and machinery leasing and trading division was HK\$6 million and HK\$11 million respectively with breakeven results. The Group expects market conditions will remain competitive but believe the divisions will achieve profitability.

#### **PRC Market**

##### ***Property development and investment***

For the period under review, the Group’s residential project in Shanghai, The Waterfront, recognized HK\$39 million as revenues as compared to HK\$477 million in the last corresponding period. The substantial decrease was mainly due to the series of austerity measures, in particular, the restriction on home purchase enacted by the central government. Although the transaction volume dropped significantly, the selling price remained stable.

The Group launched the pre-sale of The Riverside, a residential development along the Haihe river in Tianjin which comprises 6 blocks of 30-storey towers with a total GFA of approximately 75,000 sqm, in December 2010. The response was considered satisfactory in view of the prevailing market conditions. Contracted sales of over HK\$300 million were achieved and such revenues and related profits will be recorded upon handover of the units in the financial year ending 31 March 2013.

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

The Group's investment properties in Shanghai have continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division during the period under review was HK\$16 million while contribution to profit, including changes in fair value of investment properties, amounted to HK\$21 million.

### **Prospects**

The upcoming infrastructure projects and the Hong Kong Government's intention to increase land supply as stated in the 2010-11 policy address will add momentum to the foundation industry. However, global economic uncertainties, rising material and labour costs will add pressure to it. Against such backdrop, the Group still believes it can continue to capitalize on upcoming opportunities in the foundation industry based on its proven track record, in-depth knowledge and well recognized market reputation. However, due to the recent volatility and uncertainties of the global and local financial and stock market conditions, the Group made an announcement on 14 November 2011 that it has decided to postpone the proposed spin-off of the foundation business until further notice.

The continuous credit tightening policies, interest rate hikes and restrictions on home purchase and bank loans unveiled by the central government have significantly dampened the transaction volume of China's residential market. Until such policies are being relaxed, the Group expects its China property division's revenues will continue to be affected in the short term. However, the Group believes these measures are crucial for the long term sustainability and healthy growth of China's residential market.

### **Financial Review**

The Group continues to adopt a prudent financial policy and maintains a sound capital structure with healthy cash flow to prepare for anticipated tightening of money supply, rise in interest rates and capital requirement for its property projects in Tianjin and Shenyang. As at 30 September 2011, the Group's cash on hand was approximately HK\$783 million (31 March 2011: HK\$1,166 million) while total assets and net assets (after deducting non-controlling interests) were approximately HK\$4,200 million (31 March 2011: HK\$4,132 million) and HK\$1,950 million (31 March 2011: HK\$1,899 million) respectively. As at 30 September 2011, the Group's working capital amounted to HK\$721 million (31 March 2011: HK\$975 million).

As at 30 September 2011, the Group did not have any net debt gearing. The decrease in net cash balance from HK\$706 million (as at 31 March 2011) to HK\$245 million (as at 30 September 2011) was mainly due to acquisition of a new office premises and payment of PRC tax. Contingent liabilities in relation to guarantees of performance bonds increased from HK\$176 million (as at 31 March 2011) to HK\$264 million (as at 30 September 2011). Certain of the Group's assets with a book value of approximately HK\$369 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars. Euro and 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 1,322 employees as at 30 September 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 as well as training and development. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

### **Interim Dividend**

The Board of Directors has resolved to declare an interim dividend of HK1.5 cents (2010: HK2.0 cents) per ordinary share for the six months ended 30 September 2011. The interim dividend will be payable on 28 December 2011 to shareholders whose names appear on the Company's register of members on 15 December 2011.

### **Closure of Register of Members**

The register of members of the Company will be closed from Tuesday, 13 December 2011 to Thursday, 15 December 2011, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2011, all transfers for shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 12 December 2011.

## Consolidated Income Statement

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2011</b>	2010
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>Unaudited</i>	<i>Unaudited</i>
<b>REVENUE</b>	2	<b>1,200,201</b>	1,382,004
Cost of sales		<b>(1,094,588)</b>	(983,647)
Gross profit		<b>105,613</b>	398,357
Other income and gains	3	<b>20,161</b>	6,184
Selling expenses		<b>(9,915)</b>	(6,179)
Administrative expenses		<b>(20,917)</b>	(20,474)
Changes in fair value of investment properties		<b>21,184</b>	(25,953)
Other expenses, net		<b>(22,370)</b>	(14,126)
Finance costs		<b>(3,906)</b>	(6,445)
Share of results of associates		<b>2,951</b>	687
<b>PROFIT BEFORE TAX</b>	4	<b>92,801</b>	332,051
Income tax expense	5	<b>(57,136)</b>	(187,065)
<b>PROFIT FOR THE PERIOD</b>		<b>35,665</b>	144,986
Attributable to:			
Ordinary equity holders of the Company		<b>42,511</b>	131,872
Non-controlling interests		<b>(6,846)</b>	13,114
		<b>35,665</b>	144,986
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	7		
Basic		<b>4.88 cents</b>	15.56 cents
Diluted		<b>4.88 cents</b>	15.42 cents

Details of the dividends are disclosed in note 6.

## Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Unaudited</i>	<i>Unaudited</i>
<b>PROFIT FOR THE PERIOD</b>	<b>35,665</b>	144,986
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>41,016</b>	49,780
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>76,681</b>	194,766
Attributable to:		
Ordinary equity holders of the Company	<b>82,966</b>	157,340
Non-controlling interests	<b>(6,285)</b>	37,426
	<b>76,681</b>	194,766

## Consolidated Statement of Financial Position

		As at <b>30 September 2011</b>	As at 31 March 2011
	<i>Notes</i>	<b><i>HK\$'000</i></b> <b><i>Unaudited</i></b>	<i>HK\$'000</i> <i>Audited</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>553,770</b>	305,823
Investment properties		<b>442,720</b>	411,464
Properties under development		<b>743,704</b>	275,574
Deposit paid		<b>2,267</b>	388,037
Interests in associates	9(a)	<b>33,981</b>	30,348
Other assets		<b>1,120</b>	1,090
Deferred tax assets		<b>104,594</b>	100,146
Total non-current assets		<b>1,882,156</b>	1,512,482
<b>CURRENT ASSETS</b>			
Property under development		<b>315,766</b>	281,762
Investments at fair value through profit or loss		<b>19,769</b>	122,933
Inventories		<b>37,255</b>	11,624
Properties held for sale		<b>467,612</b>	439,569
Amounts due from customers for contract works		<b>82,466</b>	88,407
Trade receivables	10	<b>533,542</b>	454,734
Other receivables, prepayments and deposits		<b>66,654</b>	48,348
Derivative financial instruments		<b>—</b>	87
Tax prepaid		<b>12,092</b>	5,320
Time deposits		<b>405,250</b>	788,527
Restricted cash		<b>65,939</b>	56,286
Cash and bank balances		<b>311,579</b>	321,484
Total current assets		<b>2,317,924</b>	2,619,081

## Consolidated Statement of Financial Position (continued)

		As at 30 September 2011 <i>HK\$'000</i> <i>Unaudited</i>	As at 31 March 2011 <i>HK\$'000</i> <i>Audited</i>
	<i>Notes</i>		
<b>CURRENT LIABILITIES</b>			
Trade payables and accruals	11	470,939	480,959
Other payables, deposits received and receipts in advance		163,897	163,652
Derivative financial instruments		792	26
Amounts due to customers for contract works		234,693	224,428
Deposits received		288,332	173,482
Interest-bearing bank borrowings		158,138	128,382
Tax payable		279,898	473,502
		<hr/>	<hr/>
Total current liabilities		1,596,689	1,644,431
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		721,235	974,650
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,603,391	2,487,132
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		379,176	332,332
Derivative financial instruments		11,201	5,821
Loan from an associate	9(b)	24,560	24,560
Deferred tax liabilities		214,852	195,004
		<hr/>	<hr/>
Total non-current liabilities		629,789	557,717
		<hr/>	<hr/>
Net assets		1,973,602	1,929,415
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital	12	87,266	87,011
Reserves		1,862,424	1,812,207
		<hr/>	<hr/>
		1,949,690	1,899,218
<b>Non-controlling interests</b>		23,912	30,197
		<hr/>	<hr/>
Total equity		1,973,602	1,929,415
		<hr/> <hr/>	<hr/> <hr/>

## Notes to Unaudited Interim Financial Statements

### 1. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in conjunction with the annual financial statements for the year ended 31 March 2011.

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 March 2011.

During this period, the Group has applied for the first time a number of new/revised Hong Kong Financial Reporting Standard (“HKFRSs”), HKASs and interpretation issued by the HKICPA, which are effective for accounting period beginning on 1 April 2011. The adoption of these new standards had no material effect on the results or financial position of the Group for the current or prior accounting periods.

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

The unaudited interim financial statements were approved and authorised for issue by the Board of Directors on 23 November 2011.



## 2. Segment information

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

	Foundation piling 2011 HK\$'000	E&M engineering and building construction 2011 HK\$'000	Machinery leasing and trading 2011 HK\$'000	Property investment and management 2011 HK\$'000	Property development 2011 HK\$'000	Unallocated 2011 HK\$'000	Eliminations 2011 HK\$'000	Consolidated 2011 HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	1,127,155	5,950	11,134	16,483	39,479	—	—	1,200,201
Intersegment sales	—	16	340	—	—	—	(356)	—
<b>Total</b>	<b>1,127,155</b>	<b>5,966</b>	<b>11,474</b>	<b>16,483</b>	<b>39,479</b>	<b>—</b>	<b>(356)</b>	<b>1,200,201</b>
<b>Segment results</b>	<b>107,465</b>	<b>(24)</b>	<b>(63)</b>	<b>21,249</b>	<b>(1,134)</b>	<b>(46,692)</b>	<b>—</b>	<b>80,801</b>
Interest income								12,824
Dividend income from listed investments								131
Finance costs								(3,906)
Share of results of associates								2,951
Profit before tax								92,801
Income tax expense								(57,136)
Profit for the period								35,665

## 2. Segment information (continued)

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

## 3. Other income and gains

	<b>Six months ended 30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Interest income	<b>12,824</b>	1,095
Insurance claims	<b>35</b>	767
Gain on disposal of investment property	<b>27</b>	136
Gain on disposal of items of property, plant and equipment	<b>533</b>	131
Foreign exchange gains, net	<b>757</b>	1,113
Management services income	<b>781</b>	360
Subsidy income*	<b>1,418</b>	396
Recovery of trade receivables written off in prior years	<b>106</b>	—
Others	<b>3,680</b>	2,186
	<u><b>20,161</b></u>	<u>6,184</u>

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

#### 4. Profit before tax

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

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
Depreciation	30,251	25,975
Fair value losses/(gains), net:		
Investments at fair value through profit or loss	1,466	(177)
Derivative instruments – transaction not qualifying as hedge	8,477	10,589
Gain on disposal of investment property	(27)	(136)
Gain on disposal of items of property, plant and equipment	(533)	(131)
Loss on disposal of interests in subsidiaries	—	545
Recovery of trade receivables written off in prior years	(106)	—
Impairment/(write-back of impairment) of other assets	(30)	114
Interest expenses	3,906	6,445
	<u>30,251</u>	<u>25,975</u>

#### 5. Income Tax

	Six months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	13,412	3,905
Elsewhere	34,423	175,615
Underprovision in prior period:		
PRC:		
Hong Kong	6	—
	<u>47,841</u>	<u>179,520</u>
Deferred tax charge for the period	9,295	7,545
	<u>57,136</u>	<u>187,065</u>

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 period. Taxes on profits assessable elsewhere in the People's Republic of China have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

## 6. Dividend

	Six months ended 30 September	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim dividend - HK1.5 cents (2010: HK2.0 cents) per ordinary share	<u>13,090</u>	<u>17,046</u>

Notes:

- (a) A final dividend of HK4.0 cents per ordinary share, totally approximately HK\$34,892,000 for the year ended 31 March 2011 was approved in the Company's Annual General Meeting on 3 August 2011 and paid on 19 August 2011.
- (b) An interim dividend in respect of six months ended 30 September 2011 of HK1.5 cents per ordinary share, amounting to HK\$13,090,000 was approved at the board meeting on 23 November 2011. The interim dividend has not been recognised as a liability in the consolidated interim financial statements.

## 7. 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 period attributable to ordinary equity holders of the Company of HK\$42,511,000 (2010: HK\$131,872,000), and the weighted average number of 871,241,858 (2010: 847,774,920) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2010 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$42,511,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of share options into ordinary shares during the period of 871,892,215.

## 8. Property, plant and equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$277,995,000 (2010: HK\$62,645,000) to expand its business. Property, plant and equipment with a net book value of HK\$11,000 were disposed of by the Group during the six months ended 30 September 2011 (2010: HK\$359,000) resulting in a net gain on disposal of HK\$533,000 (2010: HK\$131,000).

## 9. Interests in associates

- (a) The Group's interests in associates are as follows:

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
Share of net assets	29,213	25,984
Amounts due from associates	1,822	1,418
Loans to associates	<u>3,250</u>	<u>3,250</u>
	<b>34,285</b>	30,652
Less: Impairment	<u>(304)</u>	<u>(304)</u>
	<u><b>33,981</b></u>	<u>30,348</u>

The amount due from associates and the loans to associates are unsecured, interest-free and have no fixed terms of repayment.

## 9. Interests in associates (continued)

(b) The loan from an associate included in the Group's non-current liabilities of HK\$24,560,000 (31 March 2011: HK\$24,560,000) is unsecured, interest free and will not be repayable within 12 months from 30 September 2011.

(c) The Group's trade receivables balances with the associates are disclosed in note 10.

## 10. Trade receivables

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

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
Trade receivables	533,572	454,764
Impairment	(30)	(30)
	<u>533,542</u>	<u>454,734</u>

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

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
Trade receivables:		
Within 90 days	370,437	309,538
91 to 180 days	2,490	1,715
181 to 360 days	3,385	3,294
Over 360 days	1,635	875
	<u>377,947</u>	<u>315,422</u>
Retention receivables	155,595	139,312
	<u>533,542</u>	<u>454,734</u>

Included in the trade receivables are amounts due from associates of HK\$10,696,000 (31 March 2011: HK\$5,696,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

## 11. Trade payables and accruals

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
Trade payables:		
Within 30 days	192,425	173,630
31 to 90 days	1,145	3,407
91 to 180 days	323	203
Over 180 days	2,621	7,753
	<u>196,514</u>	<u>184,993</u>
Retention payables	78,615	105,250
Accruals	195,810	190,716
	<u>470,939</u>	<u>480,959</u>

## 12. Share capital

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <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:		
At beginning of the period: 870,115,903 ordinary shares of HK\$0.10 each	87,011	84,531
Issue of 2,550,000 shares under a share option scheme	<u>255</u>	<u>2,480</u>
At end of the period: 872,665,903 ordinary shares	<u>87,266</u>	<u>87,011</u>

During the period ended 30 September 2011, share options were exercised resulting in 2,550,000 shares being issued (2010: 7,000,000), with exercise proceeds of HK\$2,091,000 (2010: HK\$5,740,000).

## 13. Contingent liabilities

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
Guarantee given to a financial institution in connection with general credit facility granted to an associate	<u>20,000</u>	<u>20,000</u>
Guarantees in respect of performance bonds	<u>263,588</u>	<u>175,691</u>

#### 14. Commitments

	As at 30 September 2011 <i>HK\$'000</i>	As at 31 March 2011 <i>HK\$'000</i>
(a) Capital expenditure		
Contracted, but not provided for	<u>12,271</u>	<u>196,194</u>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	11,138	11,231
In the second to fifth years, inclusive	<u>6,083</u>	<u>10,711</u>
	<u>17,221</u>	<u>21,942</u>

In addition, the Group had contracted, but not provided for, commitments in respect of construction works relating to properties under development amounting to HK\$146,619,000 as at 30 September 2011 (31 March 2011: HK\$153,763,000).

#### 15. Related party transactions

- (a) For the six months ended 30 September 2011, compensation to key management personnel of the Group amounted to HK\$12,431,000 (2010: HK\$9,383,000).
- (b) Details of the Group's balances with its associates as at the end of the reporting period are included in notes 9 and 10. Guarantee given by the Group to financial institution in connection with general credit facility granted to its associate at the end of the reporting period are included in note 13.
- (c) During the period ended 30 September 2011, Tysan Building Construction Company Limited, an associate of the Group, subcontracted engineering and mechanical works of approximately HK\$66.4 million to an independent third party, who in turn further subcontracted the works to Tysan Engineering (HK) Company Limited, a subsidiary of the Company. These transactions were in accordance with the terms of the agreements.

#### 16. Event after the reporting period

Subsequent to 31 March 2011, the Company announced the proposed spin-off of its foundation business (the "Business") and separate listing of the Business on the Main Board of the Stock Exchange (the "Proposed Spin-off") and submitted the listing application to the Stock Exchange. However, in view of the recent volatility and uncertainties of the global and local financial and stock market conditions, the Company announced to postpone the Proposed Spin-off until further notice on 14 November 2011. Further details of the Proposed Spin-off were disclosed in the Company's announcements dated 29 April 2011, 12 August 2011 and 14 November 2011.

## **Corporate Governance**

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

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

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

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

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

## **Audit Committee**

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

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Company, nominate external auditors, discuss auditing and financial reporting matters and provide advice and comments to the Board of Directors.

The unaudited interim financial statements of the Group for the six months ended 30 September 2011 have been reviewed by the Audit Committee.

## **Model Code**

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



## **Purchase, Sale or Redemption of Listed Securities of the Company**

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

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

Hong Kong, 23 November 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.*

*Company website: [www.tysan.com](http://www.tysan.com)*