



TYSAN HOLDINGS LIMITED

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



2009/2010
Interim Report



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Management Discussion and Analysis

For the six months ended 30 September 2009, the Group achieved a profit attributable to equity holders of the Company of HK\$192 million (30 September 2008: HK\$298 million), representing HK\$0.23 per share while turnover amounted to HK\$1,069 million (30 September 2008: HK\$1,993 million).

Hong Kong Market

Foundation Piling

After achieving a record turnover and profit of HK\$740 million and HK\$97 million respectively in the last corresponding period, the Group's foundation division recorded a healthy turnover and profit of HK\$439 million and HK\$47 million for the period under review. Since major infrastructure projects will gradually come into play next year, the Group expects the foundation division to perform well in the second half of the financial year. The Group's major contracts on hand include, inter alia, Chinese University's student hostel site B, City University's Academic and Administration Building, Housing Authority's project at Sai Chuen Road and the second contract awarded from Nan Fung's joint venture project in Pak Shek Kok.

Other Construction Related Sectors

During the period under review, the combined turnover and contribution of the Group's electrical and mechanical engineering division and building construction division were HK\$23 million and HK\$2 million respectively. As for machinery leasing and trading division, its turnover and profit were HK\$10 million and HK\$1 million respectively. Though competition in the market remains strong, the Group continues to expect the divisions to achieve profitable returns.

China Market

Property development and investment

For the period under review, the Group recognized revenues and profit of HK\$545 million and HK\$302 million respectively from its residential project in Shanghai, The Waterfront. In addition to the existing Metro Lines 3 and 4, the new Metro line 7 has just opened to fully reflect The Waterfront's unique feature of direct access to the Metro station. The Group has launched the presale of its lowrise units in November 2009 and has received overwhelming response.

The Group will launch the pre-sale of The Riverside, a residential development along Haihe in Tianjin, comprising six 30-storey towers with a total GFA of approximately 75,000 sqm, in 2010.

The Group's site in Shenyang, located at Huanggu District with a total GFA of approximately 165,000 sqm, is still in the planning stage and is intended to be developed into a quality residential and commercial complex.

During the period under review, the Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates. Turnover of the property investment division amounted to HK\$52 million while contribution to profit (after excluding revaluation and sale of investment properties) amounted to HK\$18 million as compared to HK\$24 million in the last corresponding period. For the period under review, several units of Aidu service apartment were sold and achieved a profit of HK\$6 million.

Prospects

With the stabilization of the global economy and China's stimulus measures, Hong Kong's economy has also undergone a rebound. With the government's implementation of massive infrastructure projects, the outlook of the foundation industry is promising. It is expected that the upcoming foundation works for infrastructure projects from both the public and private sectors will amount to HK\$4 billion to 5 billion. Being the leader in the industry, the Group is confident to benefit from the coming opportunities.



Management Discussion and Analysis

Property prices have a strong correlation with income and there is great variance in income between major cities and suburb areas in China. Thus, the performance of property market will vary according to different market segments and by cities. It is apparent that China's stimulus and lending efforts have fueled the stock and property markets and any drastic change in policies may lead to large fluctuations. However, the Group believes that the property market will remain as China's main economic engine and any new tightening policies to be enacted will likely to be mild rather than radical. All in all, the Group is confident in the long term prospect of China's property market and will continue to take the position as boutique developer focusing on mid to high end developments.

Financial Review

The Group continues to adopt a prudent financial policy and maintains a sound capital structure with healthy cashflow. As at 30 September 2009, the Group's cash on hand amounted to about HK\$880 million (31 March 2009: HK\$279 million) while total assets and net assets (after deducting minority interests) were approximately HK\$4,149 million (31 March 2009: HK\$3,626 million) and HK\$1,392 million (31 March 2009: HK\$1,211 million) respectively. As at 30 September 2009, the Group's working capital amounted to HK\$429 million (31 March 2009: HK\$281 million).

Due to substantial cash received from the sale of The Waterfront, as at 30 September 2009, the Group did not have any net debt gearing and recorded a net cash balance of HK\$244 million. As at 31 March 2009, net borrowings and net debt to equity (including minority interests) gearing ratio were HK\$361 million and 19% respectively. Contingent liabilities in relation to guarantees in respect of performance bonds decreased from HK\$154 million as at 31 March 2009 to HK\$86 million as at 30 September 2009. The Group has pledged certain of its assets with an aggregate book value of about HK\$423 million to secure certain banking facilities of the Group. The Group's bank borrowings were denominated either in Hong Kong dollars or Renminbi. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated from its PRC properties.

Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,280 employees as at 30 September 2009. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Fringe benefits include provident fund, medical insurance and training. In addition, share options may also be granted in accordance with the terms of the Group's approved share option scheme.

Interim Dividend

The Board has resolved to declare an interim dividend of HK1.5 cents (2008: HK1 cent) per ordinary share for the six months ended 30 September 2009. The interim dividend will be payable on 15 January 2010 to shareholders whose names appear on the Company's register of members on 31 December 2009.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 29 December 2009 to Thursday, 31 December 2009, 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 2009, 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, 28 December 2009.



Corporate Governance

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

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

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

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

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

Audit Committee

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

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

The unaudited interim financial statements of the Group for the six months ended 30 September 2009 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 required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions during the period under review.



Other Information

Directors' and Chief Executives' Interests and Long Positions in Shares and Underlying Shares

As at 30 September 2009, the interests and long positions of the directors and chief executives of the Company in the shares capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in ordinary shares of the Company:

Name of directors	Number of ordinary shares held and nature of interest				Total	Percentage of the Company's issued share capital
	Personal	Corporate	Other			
Mr. Francis Cheung	27,407,865	256,325,000 ⁽¹⁾	54,247,200 ⁽²⁾		337,980,065	40.3
Mr. Fung Chiu Chak Victor	66,867,600	—	—		66,867,600	8.0
Mr. David Chien	99,521,020	—	—		99,521,020	11.9
Miss Jennifer Kwok	16,500,000	—	—		16,500,000	2.0
Mr. Chiu Chin Hung	5,000,000	—	—		5,000,000	0.6
Mr. Wong Kay	10,765,000	—	—		10,765,000	1.3
Mr. Tse Man Bun	442,000	—	—		442,000	0.1

Notes:

- 171,237,000 shares were held by Power Link Investments Limited and 85,088,000 shares were held by Long Billion International Limited. Both of these companies are controlled by Mr. Francis Cheung.
- Such shares were held by a discretionary trust, the founder of which is Mr. Francis Cheung.

(ii) Long positions in shares of associated corporations of the Company:

Name of directors	Name of associated corporation	Number of ordinary shares held and nature of interest		
		Personal	Corporate	Total
Mr. Fung Chiu Chak Victor	Tysan Building Construction Company Limited	—	5,202,000 ⁽¹⁾	5,202,000
	Tysan Engineering Company Limited	800	—	800
	Tysan Trading Company Limited	20	—	20
Miss Jennifer Kwok	Tysan Trading Company Limited	20	—	20
Mr. Wong Kay	Tysan Engineering Company Limited	2,200	—	2,200

Notes:

- These shares were held by Victor Create Limited which was owned as to 60% by Mr. Fung Chiu Chak Victor and as to 40% by Mr. Jackel Cheung.

Save as disclosed above, as at 30 September 2009, none of the directors or chief executives of the Company had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information

Directors' and Chief Executive's Rights to Acquire Shares or Debentures

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

Details of movements in the Company's share option outstanding during the period are set out below:

Name or category of participant	Number of share options						Date of grant *	Exercise period*	Exercise price** HK\$
	At 1 April 2009	Granted during the period	Exercised during the period***	Expired during the period	Lapsed during the period	At 30 September 2009			
Directors									
Mr. Francis Cheung	8,000,000	—	—	—	—	8,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Fung Chiu Chak Victor	8,000,000	—	—	—	—	8,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. David Chien	2,250,000	—	(750,000)	—	—	1,500,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Miss Jennifer Kwok	3,500,000	—	—	—	—	3,500,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Chiu Chin Hung	2,500,000	—	—	—	—	2,500,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Mr. Wong Kay	5,000,000	—	—	—	—	5,000,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
Other employees									
In aggregate	5,000,000	—	(250,000)	—	(800,000)	3,950,000	24-8-2007	24-8-2007 to 23-8-2011	0.82
	<u>34,250,000</u>	<u>—</u>	<u>(1,000,000)</u>	<u>—</u>	<u>(800,000)</u>	<u>32,450,000</u>			

Notes to the table of share options outstanding during the period:

* Each grantee is allowed to exercise up to 25% of share options granted from the date of grant up to and including 23 August 2008. Thereafter, the percentage of the share options which may be exercised by each grantee is increased to 50% for the period from 24 August 2008 up to and including 23 August 2009, further to 75% for the period from 24 August 2009 up to and including 23 August 2010, and further to 100% for the period from 24 August 2010 up to and including 23 August 2011.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The weighted average closing prices immediately before the dates on which the options were exercised were HK\$0.74.

Save for the above, at no time during the period ended 30 September 2009 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or chief executives or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



Other Information

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 September 2009, the following interest of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Number of ordinary shares held	Percentage of the Company's issued share capital
Power Link Investments Limited ⁽¹⁾	171,237,000	20.4
Eastern Glory Development Limited ⁽²⁾	256,325,000	30.5
Goldcrest Enterprises Limited ⁽²⁾	256,325,000	30.5
Bofield Holdings Limited ⁽²⁾	256,325,000	30.5
Long Billion International Limited ⁽¹⁾	85,088,000	10.1

Notes:

1. The above interests of Power Link Investments Limited and Long Billion International Limited have also been disclosed as corporate interests of Mr. Francis Cheung in the section headed "Directors' and chief executives' interests and long positions in shares and underlying shares" above.
2. These parties were deemed to have interests in the 256,325,000 shares by virtue of their equity interests in Power Link Investments Limited and Long Billion International Limited.

Apart from the foregoing, as at 30 September 2009, no person, other than the directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and long positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Disclosures Pursuant to Rule 13.21 of the Listing Rules

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of one of the Company's loan agreements, which contains covenants requiring performance obligations of the controlling shareholder of the Company. Pursuant to a facility agreement entered into by the Company and a wholly-owned subsidiary of the Company with a syndicate of banks and financial institutions on 6 March 2007 for a four-year term loan facility of up to HK\$185,000,000, a termination event would arise if Mr. Francis Cheung, the controlling shareholder of the Company, ceased to own and control either directly or indirectly in aggregate at least 30% of the shareholdings and voting rights in the Company.

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.



Unaudited Interim Financial Statements

Consolidated Income Statement

	Notes	Six months ended 30 September	
		2009 HK\$'000 <i>Unaudited</i>	2008 HK\$'000 <i>Unaudited</i>
REVENUE	2	1,068,574	1,992,588
Cost of sales		(694,162)	(1,366,245)
Gross profit		374,412	626,343
Other income and gains	3	13,026	9,656
Selling expenses		(6,149)	(10,235)
Administrative expenses		(18,549)	(23,890)
Changes in fair value of investment properties		57,544	(26,970)
Other expenses, net		(1,480)	(6,535)
Finance costs		(6,594)	(11,574)
Share of results of associates		(220)	—
PROFIT BEFORE TAX	4	411,990	556,795
Tax	5	(157,387)	(200,821)
PROFIT FOR THE PERIOD		254,603	355,974
Profit attributable to:			
Equity holders of the Company		192,183	298,321
Minority interests		62,420	57,653
		254,603	355,974
DIVIDEND	6	12,588	8,382
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		22.92 cents	35.61 cents
Diluted		22.85 cents	35.59 cents



Unaudited Interim Financial Statements

Consolidated Statement of Comprehensive Income

	Six months ended 30 September	
	2009 HK\$'000 <i>Unaudited</i>	2008 HK\$'000 <i>Unaudited</i>
PROFIT FOR THE PERIOD	254,603	355,974
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations, net of tax	2,459	35,398
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>257,062</u>	<u>391,372</u>
Total comprehensive income attributable to:		
Equity holders of the Company	191,598	321,391
Minority interests	65,464	69,981
	<u>257,062</u>	<u>391,372</u>



Unaudited Interim Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 30 September 2009 HK\$'000 <i>Unaudited</i>	As at 31 March 2009 HK\$'000 <i>Audited</i>
NON-CURRENT ASSETS			
Property, plant and equipment	8	168,742	176,339
Investment properties		1,259,400	1,206,160
Prepaid land lease payments		102,176	103,566
Properties under development		324,652	309,862
Deposit paid for land acquisition		349,204	348,835
Interests in associates	9	19,135	—
Other assets		1,000	1,000
Deferred tax assets		44,128	29,051
Total non-current assets		2,268,437	2,174,813
CURRENT ASSETS			
Property under development		237,659	270,374
Equity investments at fair value through profit or loss		3,856	2,501
Inventories		27,781	31,283
Properties held for sale		328,235	473,876
Amounts due from customers for contract works		68,676	53,818
Trade receivables	10	294,699	300,165
Other receivables, prepayments and deposits		31,696	33,739
Tax prepaid		7,948	7,035
Time deposits		331,104	96,477
Restricted cash		136,164	56,675
Cash and bank balances		412,430	125,416
Total current assets		1,880,248	1,451,359
CURRENT LIABILITIES			
Trade payables and accruals	11	405,122	406,904
Other payables, deposits received and receipts in advance		55,614	55,304
Amounts due to customers for contract works		108,420	132,106
Deposits received		188,502	34,853
Interest-bearing bank borrowings		414,301	396,851
Tax payable		279,759	144,464
Total current liabilities		1,451,718	1,170,482
NET CURRENT ASSETS		428,530	280,877
TOTAL ASSETS LESS CURRENT LIABILITIES		2,696,967	2,455,690



Unaudited Interim Financial Statements

Consolidated Statement of Financial Position (Continued)

		As at 30 September 2009 HK\$'000 <i>Unaudited</i>	As at 31 March 2009 HK\$'000 <i>Audited</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,696,967</u>	<u>2,455,690</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		221,785	242,579
Loan from an associate	9	24,560	—
Deferred tax liabilities		<u>299,756</u>	<u>278,419</u>
Total non-current liabilities		<u>546,101</u>	<u>520,998</u>
Net assets		<u>2,150,866</u>	<u>1,934,692</u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	12	83,921	83,821
Reserves		<u>1,308,363</u>	<u>1,127,257</u>
Minority interests		<u>1,392,284</u>	<u>1,211,078</u>
		<u>758,582</u>	<u>723,614</u>
Total equity		<u>2,150,866</u>	<u>1,934,692</u>



Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2009	83,821	519,253*	12,642*	5,553*	149,201*	428,035*	12,573*	1,211,078	723,614	1,934,692
Total comprehensive income for the period	—	—	—	—	(585)	192,183	—	191,598	65,464	257,062
Proposed 2010 interim dividend	—	—	—	—	—	(12,588)	12,588	—	—	—
Final 2009 dividend paid	—	—	—	—	—	—	(12,573)	(12,573)	—	(12,573)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(8,805)	(8,805)
Loan repaid to a minority shareholder	—	—	—	—	—	—	—	—	(1,441)	(1,441)
Exercise of share options	100	1,233	(513)	—	—	—	—	820	—	820
Equity-settled share option arrangements	—	—	1,373	—	—	—	—	1,373	—	1,373
Disposal of interests in subsidiaries	—	—	—	(12)	—	—	—	(12)	(20,250)	(20,262)
At 30 September 2009	83,921	520,486*	13,502*	5,541*	148,616*	607,630*	12,588*	1,392,284	758,582	2,150,866



Unaudited Interim Financial Statements

Consolidated Statement of Changes in Equity (Continued)

	Attributable to equity holders of the Company									
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Statutory reserves HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2008	83,746	518,437	7,725	5,364	128,531	102,504	12,562	858,869	634,515	1,493,384
Total comprehensive income for the period	—	—	—	—	23,070	298,321	—	321,391	69,981	391,372
Proposed 2009 interim dividend	—	—	—	—	—	(8,382)	8,382	—	—	—
Final 2008 dividend paid	—	—	—	—	—	—	(12,562)	(12,562)	—	(12,562)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(3,810)	(3,810)
Loan from a minority shareholder	—	—	—	—	—	—	—	—	10,800	10,800
Exercise of share options	75	878	(338)	—	—	—	—	615	—	615
Equity-settled share option arrangements	—	—	3,412	—	—	—	—	3,412	—	3,412
Minority interest arising on partial disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	(7)	(7)
Transfer from retained profits	—	—	—	92	—	(92)	—	—	—	—
At 30 September 2008	83,821	519,315	10,799	5,456	151,601	392,351	8,382	1,171,725	711,479	1,883,204

* These reserve accounts comprise the consolidated reserves of HK\$1,308,363,000 (31 March 2009: HK\$1,127,257,000) in the consolidated statement of financial position.



Unaudited Interim Financial Statements

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
	<i>Unaudited</i>	<i>Unaudited</i>
Net cash inflow from operating activities	648,201	49,818
Net cash outflow from investing activities	(96,583)	(21,586)
Net cash inflow/(outflow) from financing activities	(33,725)	154,105
Net increase in cash and cash equivalents	517,893	182,337
Cash and cash equivalents at beginning of period	219,688	234,550
Effect of foreign exchange rate changes, net	257	4,720
Cash and cash equivalents at end of period	<u>737,838</u>	<u>421,607</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	412,430	281,419
Non-pledged time deposits with original maturity of less than three months when acquired	325,408	140,770
Bank overdrafts	—	(582)
	<u>737,838</u>	<u>421,607</u>



Unaudited Interim Financial Statements

Notes to Unaudited Interim Financial Statements

1. Basis of preparation and accounting policies

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in conjunction with the annual financial statements for the year ended 31 March 2009.

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 2009.

During this period, the Group has applied for the first time a number of new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for accounting periods commencing on or after 1 April 2009.

HKAS 1 (Revised) “Presentation of Financial Statements” introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8 “Operating Segments”, which replaces HKAS 14 “Segment Reporting”, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The Group concluded that the operating segments determined under HKFRS 8 are the same as the business segments previously determined in accordance with HKAS 14.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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 unaudited interim financial statements were approved and authorised for issue by the board of directors on 10 December 2009.



Unaudited Interim Financial Statements

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		E&M engineering and building construction		Machinery hiring and trading		Property investment and management		Property development		Unallocated		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																
Sales to external customers	439,006	739,975	22,672	94,077	10,206	7,838	51,644	52,371	545,046	1,098,327	-	-	-	-	1,068,574	1,992,588
Intersegment sales	-	103	-	78,055	8	771	-	-	-	-	-	-	(8)	(78,929)	-	-
Total	439,006	740,078	22,672	172,132	10,214	8,609	51,644	52,371	545,046	1,098,327	-	-	(8)	(78,929)	1,068,574	1,992,588
Segment results																
Interest income	47,017	97,367	2,459	16,307	1,151	(259)	82,103	(2,690)	302,093	486,155	(16,282)	(29,831)	-	-	418,541	567,049
Dividend income from listed investments															171	1,047
Finance costs															92	273
Share of results of associates															(6,594)	(11,574)
Profit before tax															(220)	-
Tax																
Profit for the period															411,990	556,795
															(157,387)	(200,821)
															254,603	355,974



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3. Other income and gains

	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Interest income	171	1,048
Insurance claims	—	1,716
Fair value gains on equity investments at fair value through profit or loss, net	1,355	—
Gain on disposal of investment properties	6,156	—
Gain on disposal of items of property, plant and equipment	1,380	1,390
Gain on disposal of interests in subsidiaries	155	410
Write-back of impairment of trade receivables	—	151
Foreign exchange gains, net	—	280
Subsidy income*	2,468	2,962
Others	1,341	1,699
	<u>13,026</u>	<u>9,656</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	
	2009 HK\$'000	2008 HK\$'000
Depreciation	23,029	25,240
Recognition of prepaid land lease payments	1,390	1,390
Fair value (gains)/losses on equity investments at fair value through profit or loss, net	(1,355)	4,199
Gain on disposal of investment properties	(6,156)	—
Gain on disposal of items of property, plant and equipment	(1,380)	(1,390)
Gain on disposal of interests in subsidiaries	(155)	(410)
Impairment/(write-back of impairment) of trade receivables, net	140	(151)
Interest expenses	7,461	13,169
Less : Interest capitalized in properties under development	(867)	(1,595)
	<u>6,594</u>	<u>11,574</u>



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5. Tax

	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Provision for tax in respect of profit for the period:		
PRC:		
Hong Kong	4,864	7,139
Elsewhere	147,535	197,847
Overprovision in prior period:		
PRC:		
Hong Kong	—	(2)
Elsewhere	(936)	(1)
	<u>151,463</u>	<u>204,983</u>
Deferred tax charge/(credit) for the period	5,924	(4,162)
	<u>157,387</u>	<u>200,821</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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, based on existing legislation, interpretations and practices in respect thereof.

6. Dividend

	Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000
Interim dividend HK1.5 cents (2008: HK1 cent) per ordinary share	<u>12,588</u>	<u>8,382</u>

Notes:

- A final dividend of HK1.5 cents per ordinary share, totally approximately HK\$12,573,000 for the year ended 31 March 2009 was approved in the Company's Annual General Meeting on 4 August 2009 and paid on 20 August 2009.
- An interim dividend in respect of six months ended 30 September 2009 of HK1.5 cents per ordinary share, amounting to HK\$12,588,000 was approved at the board meeting on 10 December 2009. The interim dividend has not been recognised as a liability in the consolidated interim financial statements.



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7. Earnings per share

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$192,183,000 (2008: HK\$298,321,000), and the weighted average number of 838,532,843 (2008: 837,646,231) ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount for the period ended 30 September 2009 is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$192,183,000. 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 all share options into ordinary shares during the year of 2,669,386.

8. Property, plant and equipment

During the period, the Group acquired assets with a cost of HK\$15,577,000 (2008: HK\$29,936,000) to expand its business. Assets with a net book value of HK\$124,000 were disposed of by the Group during the six months ended 30 September 2009 (2008: HK\$1,531,000) resulting in a net gain on disposal of HK\$1,380,000 (2008: HK\$1,390,000).

9. Interests in associates

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Unlisted shares, at cost	16,905	—
Share of net assets	(220)	—
	<hr/>	<hr/>
	16,685	—
Loan to an associate	2,450	—
	<hr/>	<hr/>
	19,135	—
	<hr/> <hr/>	<hr/> <hr/>

During the six months ended 30 September 2009, the Group received dividend income of HK\$490,000 from the associates.

The loan to an associate of HK\$2,450,000 (31 March 2009: nil) is unsecured, interest free and are of no fixed terms of repayment.

The loan from an associate included in the Group's non-current liabilities of HK\$24,560,000 (31 March 2009: nil) is unsecured, interest free and will not be repayable within 12 months from 30 September 2009.

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



Unaudited Interim Financial Statements

10. Trade receivables

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

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Trade receivables	294,872	300,993
Impairment	(173)	(828)
	<u>294,699</u>	<u>300,165</u>

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

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Trade receivables:		
Within 90 days	188,472	173,752
91 to 180 days	287	245
181 to 360 days	95	2,077
Over 360 days	64	117
	<u>188,918</u>	<u>176,191</u>
Retention receivables	105,781	123,974
	<u>294,699</u>	<u>300,165</u>

Included in the trade receivables are amounts due from associates of HK\$1,472,782 (31 March 2009: nil), which are repayable on similar credit terms to those offered to the major customers of the Group.



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11. Trade payables and accruals

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Trade payables:		
Within 30 days	207,498	205,260
31 to 90 days	604	1,398
91 to 180 days	116	8,071
Over 180 days	10,681	4,550
	<u>218,899</u>	<u>219,279</u>
Retention payables	83,559	90,728
Accruals	102,664	96,897
	<u>405,122</u>	<u>406,904</u>

Included in the trade payables are amounts due to associates of HK\$1,785,542 (31 March 2009: nil), which are of similar credit terms to those offered by the associates to their major customers.

12. Share capital

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
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 1 April 2009: 838,215,903 ordinary shares of HK\$0.10 each	83,821	83,746
Issue of 1,000,000 shares under a share option scheme	<u>100</u>	<u>75</u>
At 30 September 2009: 839,215,903 ordinary shares	<u>83,921</u>	<u>83,821</u>

During the period ended 30 September 2009, share options were exercised resulting in 1,000,000 shares (2008: 750,000) being issued, with exercise proceeds of HK\$820,000 (2008: HK\$615,000).



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13. Contingent liabilities

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
Guarantees in respect of performance bonds	86,405	154,041

14. Commitments

	As at 30 September 2009 HK\$'000	As at 31 March 2009 HK\$'000
(a) Capital expenditure		
Authorised, but not contracted for	9,726	9,479
Contracted, but not provided for	17,221	23,446
	<u>26,947</u>	<u>32,925</u>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments:		
Within one year	8,953	9,284
In the second to fifth years, inclusive	7,090	3,872
	<u>16,043</u>	<u>13,156</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\$213,251,000 as at 30 September 2009 (31 March 2009: HK\$257,382,000).

15. Disposal of interests in subsidiaries and deemed acquisition of associates

On 29 July 2009, the Group entered into an agreement with Victor Create Limited (“Victor Create”) for the disposal of 1% interest in Tysan Building Construction Company Limited (“TBC”) at a consideration of HK\$510,000 and for the assignment of the loan to TBC to Victor Create at a consideration of HK\$50,000. TBC and its subsidiaries are principally engaged in the provision of building and construction works. Immediately after the disposal, the Group’s interest in TBC reduced to 49% and TBC and its subsidiaries became associates of the Group. Victor Create is owned as to 60% by a director and substantial shareholder of the Company and 40% by the son of another director and substantial shareholder of the Company. The transaction constituted a connected transaction in accordance with the Listing Rules. Further details of the transaction are included in the Company’s announcement dated 29 July 2009.



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15. Disposal of interests in subsidiaries and deemed acquisition of associates (Continued)

	Notes	HK\$'000
Net assets disposed of:		
Property, plant and equipment		29
Loan to an investee		24,560
Amounts due from related companies		4,939
Amounts due from customers for contract works		7,506
Trade receivables		9,926
Other receivables, prepayments and deposits		609
Tax prepaid		207
Cash and bank balances		13,115
Trade payables & accruals		(15,107)
Other payables and deposit received		(608)
Amounts due to customers for contract works		(3,765)
Tax payable		(899)
Loan from a shareholder		(2,500)
Statutory reserves		(12)
Minority interests		(20,250)
		<hr/>
		17,750
Loan assigned		50
Gain on disposal of interest in subsidiaries	3,4	155
		<hr/>
		17,955
		<hr/> <hr/>
Satisfied by:		
Deemed acquisition of associates		17,395
Cash consideration		560
		<hr/>
		17,955
		<hr/> <hr/>
An analysis of net outflow of cash and cash equivalents in respect of disposal of interests in subsidiaries:		
Cash consideration		560
Cash and bank balances disposed of		(13,115)
		<hr/>
		(12,555)
		<hr/> <hr/>

16. Related party transactions

For the six months ended 30 September 2009, compensation to key management personnel of the Group amounted to HK\$13,420,000 (2008: HK\$13,935,000).



Corporate Information

Board of Directors

Executive Directors

Mr Francis CHEUNG (*Chairman*)
Mr FUNG Chiu Chak Victor
(*Vice Chairman and Managing Director*)
Mr David CHIEN
Miss Jennifer KWOK
Mr CHIU Chin Hung
Mr WONG Kay

Independent Non-Executive Directors

Mr FAN Chor Ho Paul
Mr TSE Man Bun
Mr LUNG Chee Ming George

Audit Committee

Mr FAN Chor Ho Paul (*Chairman*)
Mr TSE Man Bun
Mr LUNG Chee Ming George

Remuneration Committee

Mr Francis CHEUNG (*Chairman*)
Mr FAN Chor Ho Paul
Mr TSE Man Bun

Qualified Accountant

Miss Mo Wai Ling

Company Secretary

Miss Wong Suk Han Kitty

Auditors

Ernst & Young

Legal Advisers

Conyers, Dill & Pearman
Szeto & Yeung

Principal Bankers

BNP Paribas Hong Kong Branch
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

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